McGill Memorandum

TO: Board of Governors

FROM: Committee to Advise on Matters of Social Responsibility (CAMSR)

SUBJECT: Approval of CAMSR Recommendations (GD19-29)

DATE: December 3, 2019

At its meeting of December 2, 2019, CAMSR approved the submission of the CAMSR Report (GD19-29) to the Board of Governors.

CAMSR recommends that the Board approve the recommendations contained in the CAMSR Report.

The CAMSR Report is attached as Appendix A.

Motion for approval:

Be it resolved that the Board of Governors, on the recommendation of the Committee to Advise on Matters of Social Responsibility (CAMSR), approve the recommendations contained on pages 17-19 of the CAMSR Report (GD19-29).

COMMITTEE TO ADVISE ON MATTERS OF SOCIAL RESPONSIBILITY (CAMSR)

REPORT TO THE BOARD OF GOVERNORS

GD19-29 APPENDIX A
DECEMBER 5, 2019

Contents

Executive Summary

On October 4, 2018, McGill's Board of Governors ("the Board") received a resolution on divestment from Senate. The Board referred the resolution to the Committee to Advise on Matters of Social Responsibility ("CAMSR") for further study, with the understanding that CAMSR would make every effort to submit its report to the Board by its final meeting of 2019. This report is presented to the Board in fulfillment of this request. Subject to the Board's approval of the report's recommendations, an implementation plan will be presented to the Board by its meeting of April 2020. The plan will establish proposed guidelines for the operationalization of the recommendations.

CAMSR recommends that the Board ask the Investment Committee to:

1. **Decarbonization**

   Reduce the overall carbon emissions of the endowment portfolio by a percentage to be set against a determined reference index or benchmark.

   This percentage should be commensurate with McGill's ambition to be a leader in sustainability, while having due regard to the portfolio's risk and return objectives and the Statement of Investment Policy's goal to provide a dependable and optimal source of income for endowment beneficiaries and to cover the annual operating costs of the McGill Investment Pool ("MIP").

   This commitment will involve a *reduction of exposure to the highest carbon intensive companies in the portfolio, including some within the fossil fuel industry*. CAMSR notes that a carbon footprint target needs to be supported by an analysis that will help to establish metrics and a timeline, according to which progress will be measured. CAMSR, in collaboration with the Investment Committee, is committed to working on this analysis and developing a plan (including the proposed target, metrics, and timeline) for the overall commitment in regard to the carbon emission of the portfolio, which will be presented to the Board by its meeting of April 2020.

2. **Impact Investment**

Invest in low-carbon funds and funds that contribute to decarbonization (impact investments) of the MIP and set global allocation objectives, which may include the following asset classes:

- Fixed income (ex: green bonds)
- Private investments (ex: new clean technologies in auto parts, solar equipment, light fixtures)
- Real assets [renewable energy infrastructure (ex: wind, solar, hydro, waste, bioenergy)]

3. **Screening**

Increase the amounts invested in the fossil-fuel-free fund (established in 2017 with a $5 million commitment) and promote it among the donor community.

4. **Engagement**

Exercise, to the extent possible, active stewardship through investor engagement opportunities with investment managers.

5. **ESG Integration**

Review the Statement of Investment Policy of the MIP to reflect Environmental, Social and Governance (“ESG”) goals and objectives, including amending the Investment Objective section to consider ESG commitments.

6. **Annual Reporting**

Present to the Board and publish, annually, a report on socially responsible investing (“SRI”), including:

- % of assets managed by managers with an ESG policy and/or as signatories of the United Nations-supported Principles for Responsible Investment (“UNPRI”)
- MIP carbon emission absolute and relative measures
- Impact investment exposures
- Such other initiatives as may be relevant to SRI activities

Taking into account the evolving field of SRI, CAMSR also recommends that:

7. **SRI Review**

   The Board commit to reviewing the current SRI practices on a five-year basis in order to determine the need for any adjustments or further SRI actions, as may be advisable, in relation to the University’s endowment fund.

8. **Institutional Leadership**

   The University, in line with its mission, take a leadership role to evaluate and promote, in collaboration with peer (U15) universities, policies and best practices in the area of SRI.

Purpose of Report and Acknowledgements

On September 12, 2018, Senate approved the following motion:

> *On a motion duly proposed and seconded, it was resolved that Senate inform the Board of Governors, through the Principal, that it favours, in principle, a move to divest the endowment from all companies whose primary business is the extraction, distribution, and/or sale of fossil fuels; and from all mutual funds that invest in such companies.*[1]

On October 4, 2018, McGill's Board of Governors ("the Board") received the resolution.[2] The Board asked the Committee to Advise on Matters of Social Responsibility ("CAMSR") to study the resolution, and to provide recommendations for possible actions that the Board could take in its response. This report is a summary of CAMSR's activities and recommendations in consideration of the Board's request.

CAMSR expresses its gratitude to all the members of the University community and the community at-large, who participated in CAMSR's activities and whose advice and expertise was taken into consideration by CAMSR in the course of its work. CAMSR also wishes to underscore its appreciation to all members of the University community whose advocacy on climate change accelerated and deepened the University's commitment in this area and encouraged CAMSR to bring forward to the Board ambitious, responsible and implementable actions that are needed to support collective efforts in the fight against climate change.

---

[1] *Minutes of the McGill University Senate*, McGill University, 12 September 2018, Section II, Part A, online: https://mcgill.ca/senate/archives/senate-meeting-documents-2018-2019/september-12-2018

[2] *Minutes of the McGill University Board of Governors*, McGill University, 4 October 2018, Open Session, Item 12: Report from Senate, online: https://mcgill.ca/boardofgovernors/files/boardofgovernors/final_open_and_summary_of_closed_session_minutes_october_4_2018.pdf

Overview of University Governance

The governance functions of the University are carried out by the Board and the Senate, whose respective roles and mandates are established by the Statutes of the University.[3] The Board "possesses general jurisdiction and final authority over the conduct of the affairs of the University".[4] Subject to the overall authority of the Board, Senate has "general control and supervision over the academic activities of the University".[5] As the highest governing body of the institution, the Board holds fiduciary duties that legally obligate it to make good-faith decisions in the best interests of the University, with a view to protecting its assets and ensuring its overall well-being in the long term.[6] With respect to the University's endowment fund, these fiduciary obligations are reflected in the overall objective of the endowment fund to provide a dependable and optimal source of income for endowment beneficiaries, taking into account investment risk and the social and ethical norms of the University.[7]

CAMSR's Mandate

CAMSR is a standing committee of the Board with a mandate to advise it on matters concerning social responsibility related to University investments, overseen by the Board's Investment Committee. The Investment Committee has oversight responsibility for investing the University's endowment fund.[8]

CAMSR's general mandate is as follows:

> "Taking due regard of the mission of the University, and the fiduciary duties of the Board, the Committee shall advise the Board on matters concerning social

[3] *Statutes of McGill University*, Board of Governors, McGill University, enacted 1 May 1972 (amended 25 May 2017) (hereinafter referred to as "Statutes") online: https://www.mcgill.ca/secretariat/files/secretariat/statutes_of_mcgill_university.pdf
[4] *Ibid.,* s. 1.3.1
[5] *Id.,* s. 6.3.2
[6] *Civil Code of Quebec*, sections 322 and 323.
[7] *Statement of Investment Policy*, Board of Governors, McGill University, 15 March 2004 (last amended 3 October 2019), s. 3, online: https://mcgill.ca/secretariat/files/secretariat/gd18-02_statement_of_investment_policy_sip_final_.doc_0.pdf
[8] *Terms of Reference of the Committee to Advise on Matters of Social Responsibility (CAMSR)*, Committee to Advise on Matters of Social Responsibility of the Board of Governors, McGill University, 24 September 2007 (last amended 26 April 2018), s. 3; *Terms of Reference of Investment Committee*, Investment Committee of the Board of Governors, McGill University, 24 September 2007 (last amended 21 April 2016), s. 2.

responsibility related to University investments within the mandate of the Investment Committee of the Board".[9]

To carry out its mandate, CAMSR is authorized to undertake studies of socially responsible investment ("SRI") policies and best practices and may propose to the Board actions, which include revisions to existing policy, guidelines and practices concerning endowment investments.[10]

CAMSR consists of eight voting members, who are identified in Appendix A. In addition to the annual conflict of interest declaration, all members of CAMSR who served on CAMSR during its consideration of the 2018 resolution from Senate completed a further process of due-diligence. This process involved responding to a question (available in Appendix A) in order to determine whether any one of the members may be in a real or perceived conflict of interest in relation to the Senate resolution. Through this additional process, the Secretariat was satisfied that none of CAMSR's members had any real or perceived conflicts of interest.

Context

The topic of divestment from the fossil fuel industry has been considered by CAMSR twice in the past, in 2013 and in 2015-16 respectively.[11] On both occasions, CAMSR evaluated "expressions of concern" (petitions) to determine whether the activities of certain companies that formed the subject of the petitions caused "social injury", as defined in CAMSR's terms of reference.[12]

---

[9] *Terms of Reference of the Committee to Advise on Matters of Social Responsibility (CAMSR)*, Committee to Advise on Matters of Social Responsibility of the Board of Governors, McGill University, 24 September 2007 (last amended 26 April 2018), s.3.
[10] *Ibid*, s. 4.
[11] McGill University, Committee to Advise on Matters of Social Responsibility of the Board of Governors, *Report of the Committee to Advise on Matters of Social Responsibility*, GD12-55, Board of Governors, 23 May 2013;
McGill University, Committee to Advise on Matters of Social Responsibility of the Board of Governors, *Report to the Board on Divest McGill Submission of February 2015*, GD15-44, Board of Governors, 23 March 2016.
[12] As noted in the CAMSR terms of reference (see *Supra*, note 9): "The term "social injury" means the grave injurious impact which the activities of a legal person is found to have on consumers, employees, or other persons, or on the natural environment. Such activities include those which violate, or frustrate the enforcement of rules of domestic or international law intended to protect individuals against deprivation of health, safety, or basic freedoms, or to protect the natural environment. However, a legal person shall not be deemed to cause "social injury" simply because it does business with other legal persons, which are themselves engaged in socially injurious activities".

CAMSR's consideration of the petitions in 2013 and in 2015-16 concluded that the activities of the fossil fuel companies targeted by the petitions did not meet the criterion of "social injury" and thus no recommendation for the divestment of holdings was made to the Board. However, CAMSR's work did result in the Board's endorsement of an expanded action plan to address climate issues and an enhanced stewardship role with respect to sustainability.[13]

In 2016, the Board endorsed CAMSR's recommendations, which led to a series of actions including:

- Establishing an SRI fund option for donors interested in such an option.
  - *Actions since 2016*: The SRI fund was established in 2017 with an initial commitment of $5 million.
- Looking at opportunities for, and supporting, sound investments in alternative (renewable) energy firms, alternative technology development and commercialization.
  - *Actions since 2016*: The Investment Office has assumed a more active role in considering such opportunities and investments in the context of evaluating and selecting investment opportunities.
- Developing Environmental, Social and Governance ("ESG") principles and guidelines for endowment investments and asking investment managers to report annually on the implementation and compliance regarding ESG and the United Nations-supported Principles for Responsible Investment ("UNPRI"). This also included supporting and initiating shareholder resolutions to encourage changes in company practices deemed inconsistent with ESG and UNPRI.
  - *Actions since 2016*: The Investment Committee has been regularly monitoring the status of ESG and UNPRI implementation and compliance by the University's investment managers. Currently, over 80% of the

[13] *Minutes of the McGill University Board of Governors*, McGill University, 23 March 2016, Summary of Matters considered in closed session of the Board of Governors held on March 23, 2016, Item 1, CAMSR Report and Recommendations on Divest McGill Submission Concerning Fossil Fuels, online: https://mcgill.ca/boardofgovernors/files/boardofgovernors/minutes_of_the_board_of_open_session_and_summary_of_closed_session_meeting_of_march_23_2016_0.pdf

University's investment managers have adopted ESG policies and/or are signatories of the UNPRI.[14]

Unlike the 2013 and 2016 decisions of CAMSR, which focused on making a determination on the question of divestment based solely on the criterion of "social injury", the 2018 resolution from Senate falls within CAMSR's broader mandate, which consists of advising the Board on matters pertaining to social responsibility related to University investments within the mandate of the Investment Committee of the Board. As a result, CAMSR, in the context of working on the Board's request, did not need to consider the criterion of "social injury".

Since 2016, much progress has been made in advancing sustainability as a key University priority. With an ambitious vision, McGill has established a pathway to becoming a leading university in the study and practice of sustainability.[15] Its commitment to tackling climate change in a responsible, proactive and comprehensive manner has led to the development of key goals, including the goal to achieve carbon neutrality in University operations by 2040. The University's plan is outlined in its Vision 2020, which establishes ambitious targets in a variety of different university areas. The plan can be viewed here: https://www.mcgill.ca/sustainability/sustainability-strategy

In conjunction with the University's priorities in the area of sustainability, CAMSR, in considering the Board's request, noted that the advocacy of some members of the University community, who called for climate change action, played a role in accelerating and deepening the University's commitment to addressing climate change in the context of its efforts in sustainability. Considering these factors and developments in the area of SRI practices in the university sector and beyond since 2016, CAMSR set out to consider the types of additional actions that the University could take, from the perspective of an engaged and responsible investor, to further advance the University's overall priorities in

[14] McGill University, *Report on Endowment Performance 2018-19*, Publication of the Office of Investments of McGill University, 2019, page 3, online: https://mcgill.ca/investments/files/investments/report_on_endowment_performance_-_eng_-_finalv2.pdf
[15] McGill University, *Vision 2020: Climate & Sustainability Action Plan 2017-2020*, Publication of the McGill Office of Sustainability, 2017, online: https://www.mcgill.ca/sustainability/sustainability-strategy

sustainability. It is in this context that CAMSR deemed it important to carry out a comprehensive process in its study of the resolution from Senate.

Process Outline

In the course of its consideration of the Board's request, CAMSR held 13 meetings, which were dedicated to reviewing data, reports and publications touching on a number of topics including climate change, divestment and SRI. The meetings involved consultation sessions during which CAMSR sought input from the University community and subject matter experts. A list of those consulted is provided in Appendix A. In addition, a number of members of the Board and of CAMSR participated in a meeting organized by the McGill Association of University Teachers on November 13, 2019.

In an effort to provide the University community an opportunity to learn more about the University's investment framework, CAMSR also organized, on March 19, 2019, an information session dedicated to this subject. The session was attended by members of Senate and other University staff and students; a recording of the session was made available on the CAMSR webpage[16]. CAMSR also reviewed the status of divestment campaigns and decisions, as well as SRI practices at other universities (in Canada, the U.S., and Europe) and not-for-profit organizations. This review was based on research data compiled by the McGill Secretariat. The Secretariat also took the following actions to report on CAMSR's activities to the University community and to the public at-large:

- It created a dedicated section on the CAMSR web page, where status updates from CAMSR's meetings were published, along with presentations and reports submitted to CAMSR;
- It issued regular communications on CAMSR's activities, through the University-wide "What's New" e-newsletter.

[16] Please see: Update further to February 18, 2019 CAMSR meeting: https://www.mcgill.ca/boardofgovernors/committees-0/social

The Board and its Executive Committee received regular status reports from CAMSR in the course of its work. Senate received progress reports in the regular course of receiving reports from the Board. The elected Senate representatives reported to Senate on their sessions with CAMSR on March 27, 2019. Additionally, CAMSR welcomed written comments from the broader McGill community. A total of 35[17] submissions were received; most of the submissions highlighted the need to address climate change and called for action, in one form or another, on the part of CAMSR and the University.

Considerations

CAMSR's review of the Board's request brought to light the following considerations, which formed an integral part of its reflection.

Action Needed to Address Climate Change

CAMSR fully understands that climate change is a large-scale societal problem, which requires proactive and collective action. The need to address climate change was a theme of some of the consultation sessions, which highlighted the dangerous effects of global warming. CAMSR's own review of the Canada's Changing Climate Report[18] and the Intergovernmental Panel on Climate Change ("IPCC") Special Report,[19] which occurred during a consultation session with Professor Nigel Roulet, was particularly informative in this regard. Demonstrating that major greenhouse gas reductions are needed to remain within the critical average temperature increase limit of 1.5^{o}C, the IPCC report outlined several scenario pathways to achieve this limit, including a reduction of energy from coal, oil and natural gas, with a corresponding increase in energy from renewable sources.[20]

[17] Submissions made by members of CAMSR are not counted as part of this number.
[18] Bush, E. and Lemmen, D.S., editors (2019): Canada's Changing Climate Report; Government of Canada, Ottawa, ON. 444 p.
[19] IPCC, 2018: Summary for Policymakers. In: Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty [Masson-Delmotte, V., P. Zhai, H.-O. Pörtner, D. Roberts, J. Skea, P.R. Shukla, A. Pirani, W. Moufouma-Okia, C. Péan, R. Pidcock, S. Connors, J.B.R. Matthews, Y. Chen, X. Zhou, M.I. Gomis, E. Lonnoy, T. Maycock, M. Tignor, and T. Waterfield (eds.)]. World Meteorological Organization, Geneva, Switzerland, 32 pp.
[20] *Ibid*.

The McGill Investment Pool ("MIP"): organization and fossil fuel exposure

CAMSR noted that the current value of the MIP is $1.7 billion. The portfolio is comprised of more than 60 investment mandates and fund investments, with strategies involving a range of asset and sub-asset classes, managed almost entirely (at 99%) by external investment manager firms in segregated accounts or pooled funds, where the University can only have limited control. The portfolio's total exposure to the energy sector is approximately 8.7% overall or 7.1% in the equities asset class alone[21]. It was indicated to CAMSR by internal and external investment professionals and managers that, while a global or a U.S. equity portfolio can screen out certain investments in fossil fuels without the likelihood of material consequence on long-term results, the same cannot be said with respect to a Canadian equity portfolio due to the relative weight of the energy sector in the Canadian economy. For a Canadian investor to divest entirely from all fossil fuel investments would entail a loss of portfolio diversification and possible over-concentration in other sectors in the Canadian equity asset class, which would affect the risk/return profile of the total portfolio.[22]

Evolving practices in the university and not-for-profit sectors

CAMSR's review of the evolving practices in the university and not-for-profit sectors showed that most institutions were considering possible actions, including divestment, in response to the growing concern over the state of climate change. CAMSR regularly reviewed the status of divestment and developments in SRI practices in universities and institutions across North America and in Europe; an overview as of November 2019 is provided in Appendix B.

Based on public media reports or official announcements made by universities, CAMSR learned that 18 universities have, in the recent past, made decisions to divest in whole or in part.[23] CAMSR noted that divestment decisions, for the most part, appear to be directly

---

[21] McGill University, *Office of Investments: Sustainable Investment Framework*, presented by LEBLANC, Sophie, Office of Investments, McGill University, March 19, 2019, online:https://www.mcgill.ca/boardofgovernors/files/boardofgovernors/info_session_march_19_2019_-_presentation.pdf

[22] *Ibid*. pages 7-10 and based on consultation with Sebastien Betermier, Associate Professor of Finance, Desautels Faculty of Management, McGill University to the Committee to Advise on Matters of Social Responsibility, McGill University, 23 October 2019.

[23] Please refer to Appendix B.

related to the risks and costs of divestment. Where such risks appear to be low (e.g. minimal investment in affected sectors, adequate portfolio diversification ability, absence of increased currency risk due to portfolio rebalancing), one could observe a greater propensity to divest, at least in part (e.g. from thermal coal or oil sands). Conversely, where risks appeared high*, there was no divestment*. Of these 18 institutions, 16 are based in Europe or the U.S., where the weight of the energy industry in the economy is much smaller than in Canada, allowing for a greater diversification of the portfolios into other sectors without undue sector concentration or currency risks. The only two Canadian universities that have announced a full divestment had either smaller endowments (less than $195 million and $35 million respectively) or relatively low portfolio investments in the energy industry.[24] This being said, the predominant approach within the university and not-for-profit sectors has been to view divestment as one aspect of a broader palette of tools that institutions use in relation to sustainability. Indeed, while recognizing the seriousness of climate change and the necessity for action, most U15 universities have opted to adopt multi-pronged investment strategies focusing on supporting low-carbon ventures and measuring performance on ESG issues.[25] Similar positions have been established by several foundations examined in the not-for-profit sectors.[26]

Evolving practices in investment industry and other sectors

The activities of the investment industry show a variety of practices focusing on developing and promoting SRI approaches. Through CAMSR's consultation sessions with subject matter experts and investment professionals, it became apparent that many large investors in Canada have been focusing on integrating ESG factors into their investment processes, on promoting greater shareholder engagement (a form of dialogue between investors and the firm's management / directors), and on impact investing rather than on exclusionary screens. Impact investing refers to investments made into companies and funds with the intention to generate a measurable, beneficial social or

[24] The two Canadian universities are Concordia University and UQAM respectively. The exposure of Concordia's endowment to the fossil fuel industry has been reported to be 5.7% of total exposure. UQAM's exposure has been reported to be 9% of total exposure. Concordia's endowment is valued at $194.8 M and that of UQAM, at $33 M. Please refer to Appendix B.
[25] Please refer to Appendix B.
[26] Please refer to Appendix B.

environmental impact alongside a financial return.[27] These approaches have been preferred based on the view that ESG integration allows investors to better manage risks and opportunities within their portfolios.[28] There is also some evidence that ESG may be linked positively to firm value as financial results are affected by a company's ESG practices. Based on this view, companies that do not adopt responsible ESG practices may face the risk of becoming stranded assets.[29] There is also a recognition that divestment campaigns, on their own, may not be an effective measure to reduce carbon emissions nor have they had any statistically significant impact on the stock prices of affected companies.[30]

The approach taken by the *Caisse de dépôt et placement du Québec* (*"Caisse"*) was of particular interest to CAMSR. The *Caisse* adopted a strategy that consists of factoring climate change into each investment decision, increasing low-carbon investments, including impact investments, by 50% by 2020, and reducing carbon intensity by 25% by 2025.[31] The approach proposes that an allocation to impact investments could have a positive environmental impact, through investments in a wide range of sectors including clean tech, green construction, sustainable forestry and biodiversity conservation.[32]

Findings and Observations

CAMSR's consideration of the Board's request has reaffirmed its conviction, which was communicated by CAMSR in the past that action against climate change is necessary on

[27] RBC Global Asset Management Inc., *An Evolving Landscape: 2019 Responsible Investment Survey: Executive Summary*, RBC Global Asset Management Inc., October 2019.
[28] RBC Global Asset Management Inc., *Approach to Responsible Investing*, RBC Global Asset Management Inc.2019, May 2018, p. 3, online: https://www.rbcgam.com/documents/en/articles/approach-to-responsible-investment.pdf; HANSEN, Tyler and POLLIN, Robert*, Economics and Climate Justice Activism: Assessing the Fossil Fuel Divestment Movement*, Political Economy Research Institute, University of Massachusetts Amherst, Working paper Series, Number 462, April 2018, online: https://www.peri.umass.edu/economists/robert-pollin/item/1076-economics-and-climate-justice-activism-assessing-the-fossil-fuel-divestment-movement
[29] RBC Global Asset Management Inc.. *An Evolving Landscape: 2019 Responsible Investment Survey: Executive Summary*, RBC Global Asset Management Inc., 2019.
[30] HANSEN, Tyler and POLLIN, Robert*, Economics and Climate Justice Activism: Assessing the Fossil Fuel Divestment Movement*, Political Economy Research Institute, University of Massachusetts Amherst, Working paper Series, Number 462, April 2018, p. 2, online:https://www.peri.umass.edu/economists/robert-pollin/item/1076-economics-and-climate-justice-activism-assessing- the-fossil-fuel-divestment-movement
[31] Caisse de dépôt et placement du Québec, *2018 Stewardship investing*, Caisse de dépôt et placement du Québec, 2018, online : https://www.cdpq.com/sites/default/files/medias/pdf/en/ra/id2018_rapport_investissement_durable_en.pdf
[32] *Ibid*.

the part of the University and its members.[33] While much work has been done to advance the University's priorities in the area of sustainability, including in its own investments where stronger requirements with respect to ESG factors have been implemented by the University, CAMSR firmly believes that more action is warranted.

CAMSR accepts the view that excluding entire sectors of the economy from the MIP would likely have a negative impact on diversification and portfolio construction and that this cannot be achieved without affecting the risk/return equation.[34] In other words, a wholesale exclusion of entire sectors is a constraint that would likely reduce the opportunity to optimize the portfolio to achieve the highest risk-adjusted returns by an unacceptable level. In addition, given the previously mentioned conclusion that divestment-centered campaigns are a less effective way to achieve reductions in carbon emissions when compared with an integrated ESG approach, CAMSR concludes that this would not be a responsible course of action even if the University were prepared to accept lower returns.

CAMSR also notes that not all fossil fuel companies are uniform in their approach to climate change. A number of companies in this sector have incorporated environmental considerations into their decision-making processes in order to support the transition to a lower-carbon economy.[35] These efforts must be encouraged where they have begun, and promoted where companies have yet to address the risks associated with this transition. Full divestment from these companies precludes any effective shareholder engagement to that effect and indeed risks prolonging the transition to a low-carbon economy, as investors who are concerned about climate change may be replaced by investors who do not share the same concerns. Taking these points into consideration, CAMSR concludes that absolute divestment from the fossil fuel sector is not advisable.

---

[33] McGill University, Committee to Advise on Matters of Social Responsibility of the Board of Governors, *Report to the Board on Divest McGill Submission of February 2015*, GD15-44, Board of Governors, 23 March 2016.
[34] *Supra*, note 22.
[35] For instance, over 80% of McGill's investment managers have adopted ESG and/or UNPRI policies. McGill University, *Report on Endowment Performance 2018-19*, Publication of the Office of Investments of McGill University, 2019, online: https://mcgill.ca/investments/files/investments/report_on_endowment_performance_-_eng_-_finalv2.pdf

CAMSR believes that the common objective of divestment proponents and of the McGill community is ultimately the reduction in greenhouse gas emissions. It considers that the most effective and responsible way to achieve that goal is through the reduction of the carbon intensity of McGill's investment portfolio. It makes this statement in spite of the fact that there are a number of caveats to this approach. First, methodologies for measuring carbon intensity are still relatively new and imperfect. For instance, they do not yet take into account indirect emissions that occur in a company's value chain.[36] Second, the metrics currently available are not precise and are likely to evolve in the future.[37] Third, one must recognize that the complete elimination of the portfolio's carbon footprint is unlikely until new energy sources completely replace fossil fuel energy across the entire world's economy. Fourth, only listed equities, as an asset class, can be subject to this recommendation given that it is difficult to calculate emissions with respect to other asset classes. Fifth, McGill's portfolio is currently heavily invested in pooled funds, a constraining factor that will have to be taken into consideration. Sixth, unlike some other institutions, such as the *Caisse*, which have a far larger portfolio and have in their employ a large investment team, the University's resources and investment options are more limited.

Taking into account that the exposure of the MIP's listed equities to the energy, utility and material sectors represents a significant proportion of its total exposure to carbon, CAMSR believes that ambitious, responsible and implementable investment actions are needed to support the transition of the investment portfolio towards more sustainable and renewable energy sources[38]. With the understanding that CAMSR's recommendations form part of and support the University's overall strategy in sustainability, including in its teaching and research activities, CAMSR is proposing a set of concrete actions that intend to ambitiously drive institutional progress. The realization of these actions will require a clear but flexible investment framework that will lead to changes, both at the level of institutional policy, as well as at the level of day-to-day operations and practices.

[36] MSCI ESG Research LLC, *Report on Carbon Portfolio Analytics*, McGill University, 16 August 2019.
[37] MSCI ESG Research LLC, *Report on Carbon Portfolio Analytics*, McGill University, 16 August 2019.
[38] As at August 2019, the energy, utilities and materials sectors collectively represent 16.6% of the MIP listed equities portfolio, but are responsible for 78.3% of the total carbon emissions. MSCI ESG Research LLC, *Report on Carbon Portfolio Analytics*, McGill University, 16 August 2019.

Further analysis will be necessary in order to evaluate available options and soundly operationalize the proposed courses of action. This analysis will be made with the understanding that recommended actions need to strike an acceptable balance between the flexibility and the risk/return profile of the MIP and the objective to reduce the overall carbon emissions of the portfolio, in line with McGill's ambition to be a leader in sustainability. This will involve an assessment of risks and scenarios that are expected to lead to ambitious yet realizable targets, metrics and a timeline, based on which progress will be measured. As such, CAMSR's recommendations to the Board are made with the understanding that quantifiable targets and timelines would be presented to the Board in April 2020.

Recommendations

Accordingly, CAMSR recommends that the Board ask the Investment Committee to:

1. **Decarbonization**

   Reduce the overall carbon emissions of the endowment portfolio, by a percentage to be set against a determined reference index or benchmark.

   This percentage should be commensurate with McGill's ambitions to be a leader in sustainability, while having due regard to the portfolio's risk and return objectives and the Statement of Investment Policy's goal to provide a dependable and optimal source of income for endowment beneficiaries and to cover the annual operating costs of the MIP.

   This commitment will involve *a reduction of exposure to the highest carbon intensive companies in the portfolio, including some within the fossil fuel industry*. CAMSR notes that a carbon footprint target needs to be supported by an analysis that will help to establish metrics and a timeline according to which progress will be measured. CAMSR, in collaboration with the Investment Committee, is committed to working on this analysis and developing a plan (including the proposed target, metrics, and timeline) for the overall commitment in regard to the carbon emission of the portfolio, which will be presented to the Board by its meeting of April 2020.

2. **Impact Investment**

Invest in low-carbon funds and funds that contribute to decarbonization (impact investments) of the MIP and set global allocation objectives, which may include the following asset classes:

- Fixed income (ex: green bonds)
- Private investments (ex: new clean technologies in auto parts, solar equipment, light fixtures)
- Real assets [renewable energy infrastructure (ex: wind, solar, hydro, waste, bioenergy)]

3. **Screening**

Increase the amounts invested in the fossil-fuel-free fund (established in 2017 with a $5 million commitment) and promote it among the donor community.

4. **Engagement**

Exercise, to the extent possible, active stewardship through investor engagement opportunities with investment managers.

5. **ESG Integration**

Review the Statement of Investment Policy of the MIP to reflect ESG goals and objectives, including amending the Investment Objective section to consider ESG commitments.

6. **Annual Reporting**

Present to the Board and publish, annually, a report on SRI, including:

- % of assets managed by managers with an ESG policy and/or as signatories of the UNPRI

- MIP carbon emission absolute and relative measures
- Impact investment exposures
- Such other initiatives as may be relevant to SRI activities

Taking into account the evolving field of SRI, CAMSR also recommends that:

7. Five-Year Review

The Board commit to reviewing the current SRI practices on a five-year basis in order to determine the need for any adjustments or further SRI actions, as may be advisable in relation to the University's endowment fund.

8. Institutional Leadership

The University, in line with its mission, take a leadership role to evaluate and promote, in collaboration with peer (U15) universities, policies and best practices in the area of SRI.

Appendix: A

This Appendix includes information relative to the:

1. Membership of CAMSR
2. Question regarding Conflicts of Interest
3. CAMSR's Consultation Sessions

1. Membership of CAMSR

Members of CAMSR include:

- Chair of CAMSR and member-at-large of the Board: Ms. Cynthia Price Verreault
- Vice-Chair of CAMSR, Vice-Chair of the Board and member-at-large of the Board: Me Maryse Bertrand, Ad. E.
- Chair of the Board and member-at-large of the Board: Mr. Ram Panda
- Principal and Vice-Chancellor and ex-officio member of the Board: Professor Suzanne Fortier, OC, FRSC.
- Academic member of Senate on the Board: Professor David Harpp
- Administrative and Support Staff member of the Board: Ms. Karen Sciortino (this position was previously held by Mr. Ron Critchley, whose term ended on June 30, 2019)
- Student representative of the Board: Mr. Bryan Buraga (this position was previously held by Mr. Danny Amon, whose term ended on May 31, 2019)
- Member of the Board's Investment Committee: Mr. Sam Altman (this position was previously held by Mr. Gerald Sheff, whose term ended on May 15, 2019).

2. Question regarding Conflicts of Interest

All CAMSR members who served on CAMSR during its consideration of the Senate resolution were asked the following question:

Do you currently hold or have you held within the last three years a position (i.e. employee, owner, director, officer) that allows you to derive a direct financial benefit (10% or greater of your net worth) from companies whose primary business is the extraction, distribution or sale of fossil fuels?

All members of CAMSR provided a response to the question, which did not identify any real or perceived conflicts of interest.

3. CAMSR's Consultation Sessions

In the course of its activities, CAMSR met with:

- Representatives of Senate elected by Senate, who spoke to CAMSR about Senate's view on divestment in the context of the resolution approved by Senate on September 12, 2018;
- The Chair of the Investment Committee of the Board of Governors, who spoke to CAMSR about climate change and divestment from the perspective of the Investment Committee's mandate;
- Representatives of student associations (SSMU, PGSS and MCSS), who spoke to CAMSR about their support for the resolution adopted by Senate;
- Members of the Board of Governors, who requested meetings with CAMSR, who shared with CAMSR their perspectives on the resolution approved by Senate and spoke about the need to address climate change;
- Representatives of Divest McGill, who spoke to CAMSR about the effectiveness of divestment in responding to the threat of climate change;
- Portfolio managers from Phillips, Hager & North Investment Management / RBC Global Asset Management, who spoke with CAMSR about SRI approaches;

- Portfolio managers from Hexavest, who spoke with CAMSR about fossil-fuel free investment approaches;
- The Head of Investment Stewardship at the *Caisse de dépôt et placement du Québec*, who spoke with CAMSR about the *Caisse's* approach and goal with respect to decarbonisation;
- Vice-Principal (University Advancement), who spoke to CAMSR about context and trends in relation to SRI from the perspective of the donor community;
- General Counsel, Legal Services, who spoke to CAMSR about the legal framework governing gifts and donations;
- Chief Investment Officer & Treasurer, who spoke to CAMSR about the structure of the McGill Investment Pool and SRI practices adopted by the Investment Committee;
- Professor Nigel Roulet, Chair, Department of Geography, Faculty of Science, who spoke to CAMSR about recent reports on climate change that had been published at the time of CAMSR's consideration of the Board's request;
- Members of CAMSR whose terms on the Committee ended in June and July 2019, who provided feedback on the work of CAMSR to date;
- Professor Sebastien Betermier, Associate Professor of Finance, Desautels Faculty of Management, who spoke to CAMSR about the effectiveness of divestment and other SRI options in relation to addressing climate change;
- Mr. Stephane Ouaknine, Managing Partner of Inerjys, who spoke with CAMSR about impact investing.

Appendix B: Part 1 - Snapshot of Socially Responsible Investment (SRI) Practices in the University Sector (updated: November 2019)

Notes**:** ***This document was prepared in April 2019 and was updated/revised throughout the course of CAMSR's work as new information became available. Links are provided to relevant pages and reports on the given institution's website. Articles with an asterisk (*) link to media articles as information on the institution's website was not found.***

In preparing the table, the Secretariat focused on the U15 (McGill's peer group), universities in the Province of Quebec, other Canadian universities for which data or information was publicly available, and international universities listed on a document provided to members of CAMSR by Divest McGill.

University and Value of Endowment	Fossil Fuel (FF) Divestment?	SRI/ESG Policies?	Actions
U15 Universities			
University of Alberta ($1.4B at March 31, 2018)	No	Yes, there is a paragraph on RI in the Statement of Investment Principles and Beliefs (p.3)	ESG integration; the University publishes a detailed listing of its investments and reports on ESG matters in its Investment Committee's Annual Report (see p.13) *Holdings*: As of March 31, 2018 the University Endowment Pool had 87% of its assets managed externally. Of these assets, 88% were managed by signatories to the UN PRI and 6% with managers who belong to the United Kingdom's Stewardship Code or Global Reporting Initiative Sustainability Reporting Guidelines.
University of British Columbia (Endowment Main Pool $1.6B; total $2.2B at March 31, 2018)	No - Divestment proposals considered by Board in February 2016 2015 Legal Opinion Update: UBC's Board of Governors voted* to transfer $380M of the university's $2B endowment fund to a sustainable fund free of fossil fuel investments	Yes - Responsible Investment Policy	ESG integration; established a Sustainable Future Pool in Feb. 2017 ($10M initial contribution; additional $5M approved in April 2018 and commitment to increase fund to $50M over the next 3 fiscal years approved in April 2019; see Report) Endowment Responsible Investment Policy Committee

University and Value of Endowment	Fossil Fuel (FF) Divestment?	SRI/ESG Policies?	Actions
University of Calgary ($952.7M at March 31, 2018)	No - See Press Release dated February 13, 2015	No	None regarding investments; focus is on Climate Action Plan and Sustainability Strategy
Dalhousie University ($616.7M at March 31, 2018)	No - See Press Release dated February 20, 2019 and 2019 FF Investment Review	Yes - Statement of Investment Policies and Guidelines of the Endowment Funds (ss. 5.7-5.9)	Continue with ESG integration investment manager reviews will include specific follow-up on climate change risk Continue to add private investments in renewable and clean tech that have promise to meet risk-adjusted return threshold targets Become a UN PRI signatory
Université Laval	No, despite announcement in February 2017 (See 2019 media article*)		ULaval will be tracking the carbon footprint of its portfolio for two years then will reevaluate its investment strategy
University of Manitoba ($709.8M at March 31, 2018)	No	No	No
McGill University (McGill Investment Pool: $1.6B at April 30, 2018)	No - See 2016 CAMSR Report endorsed by the Board of Governors (on March 23, 2016)	No – s.8 of the Statement of Investment Policy mentions that the Investment Committee will follow the instructions of the Board, pursuant to recommendations by CAMSR, with respect to SRI.	-Commitment to select investment managers who adhere to ESG policy and/or are signatories of the UN PRI. -$5M FF Free Investment Fund -Investment in a Socially Responsible Fund (ex. FF) managed by McGill students -Committee to Advise on Matters of Social Responsibility
McMaster University ($727.4M at April 30, 2018)	No - See 2016 Report	No specific ESG requirements in Statement of Investment Policies and Objectives – Investment Pool	Promoting research and increasing awareness of the issues, reducing consumption, and updating and improving investment policies (in this context, a third party review of the Investment Pool was initiated and its carbon footprint measured; see Annual Financial Report, p.54)
Université de Montréal ($348.4M at April 30, 2018)	No	Yes – See Press Release on Policy and *Politique en matière d'investissement responsable*	ESG integration; committed to become UN PRI signatory; shareholder engagement

University and Value of Endowment	Fossil Fuel (FF) Divestment?	SRI/ESG Policies?	Actions
University of Ottawa ($279M at March 31, 2018)	Commitment made to shift away from FF; see uOttawa Response to Report (April 25, 2016) and 2015 Report	Yes - Statement of Investment Policies and Goals - Long-Term Portfolio: Responsible Investment Guideline	ESG integration; UN PRI and Montreal Carbon Pledge signatory; mandated its Finance and Treasury Committee to develop a strategy to shift the University's FF-related investments towards investments in enterprises involved in creating and selling technologies of the future; considering creation of $10M Clean Innovation Fund (see Addressing Global Warming) See: 2017 Annual uOttawa Progress Report
Queen's University ($1.1B at April 30, 2018)	No - See 2015 Statement	Statement of Investment Policies and Procedures (s. 3.06) and Responsible Investing Policy	ESG integration; shareholder engagement encouraged (through the external investment managers and/or participation in coalitions of investors with similar fiduciary responsibilities)
University of Saskatchewan ($378.1M at April 30, 2018)	No	No	None
University of Toronto (UTAM) ($2.5B at April 30, 2018)	No – See 2016 Report	Yes - Responsible Investing Policy and Report	ESG integration; UN PRI signatory and memberships / affiliations with other organizations; engagement; signed the Montreal Carbon Pledge; proxy voting; Publishes Portfolio Carbon Footprint Report
University of Waterloo ($383.2M at April 30, 2018)	No - See June 5, 2018 Board Minutes and 2018 Report of the Responsible Investment Working Group (p. 171)	Yes - Endowment Investment Guidelines - ESG Principles and Guidelines	Focus is on ESG integration in investment decision processes
Western University ($746M at April 30, 2018)	No	Yes - Section on RI included in the Statement of Investment Objectives, Policies and Governance (p.14)	Maintains registry with ESG related information on external managers Makes available, upon request, the list of investments of the Fund (subject to confidentiality agreements with managers)

University and Value of Endowment	Fossil Fuel (FF) Divestment?	SRI/ESG Policies?	Actions
Other Canadian Universities			
Concordia (Endowment Program valued at 97.4M; total funds managed by Concordia University Foundation valued at $194.8M at April 30, 2018)	Media reports* indicated that Concordia has divested in 2014. In reality, it has directed $5M towards a sustainable investment fund. Update- October 2019: Concordia University announced that it will stop investing its assets in the coal, oil and gas sector within five years. The university says it's also committed to putting its entire endowment — worth about $243 million — into investments that are sustainable by 2025.	Yes – Responsible Investment Policy is appended to the Statement of Investment Plan for the assets managed by the Concordia University Foundation	ESG integration; RI policy; investigate creating impact investment fund; shareholder engagement where appropriate; sustainable investment fund ($5M); enhanced reporting transparency; UN PRI signatory See RI action plan announcement (April 2018) October 2019: The university's endowment is managed by the Concordia University Foundation, which says its current assets in the coal, oil and gas sectors represent about 5.7 per cent of the total amount, or $14 million https://www.cbc.ca/news/canada/montreal/concordia-divests-1.5353808
UQAM ($33M at April 30, 2018)	Yes, see press release dated May 14, 2019		Divested from fossil fuel Timeline: Decision to divest taken in fall 2017; full divestment completed in 2018. Holdings: $3M was invested in fossil fuels; UQAM's portfolio is managed by Gestion privée 1859, a division of Banque Nationale.
Fraser Valley	No	No	None.
Guelph ($421M at December 31, 2018)	No – See: Press Release (Jan. 2019) Report (p. 21) and News article*	Not yet	-Reduce Carbon Footprint of Investments -Will create a SRI Policy -Ad Hoc Committee on Special Action Requests

Mount Allison University ($170M)	No	Yes – Section on ESG in Endowment Management Policy (section 3.8)	ESG integration; disclosure of annual holdings; specific fund option for donors (Desjardins Societerra Growth Fund); report on responsible investment; UNPRI signatory See climate change and RI approach and progress
Saint Mary's ($26.3M at March 31, 2017)	No	No	None.
Trent	No – See May 2015 Press Release	Yes – section on ESG in the Statement of Investment Policies and Procedures (p.14)	-Research and engagement -SRI fund that will comprise up to 10% of Endowment assets
York University ($467M at April 30, 2018)	No	Section on sustainable investing in Statement of Investment Policies and Procedures (p.5)	-ESG integration -York University Advisory Committee on Responsible Investment
Other Worldwide Universities			
Harvard (39.2B USD at June 30, 2018)	No – See 2013 statement	Yes – see approach to sustainable investing at: https://www.hmc.harvard.edu/sustainable-investing/	ESG integration; active ownership; collaboration with peers and investors to advance shared goals (e.g. UN PRI signatory) Harvard has "paused" investing its endowment funds in some sectors of the fossil fuel industry since 2017 (article*) Focus is on sustainability – see Sustainability Plan
Boston University (2.2B USD at June 30, 2018)	Listed as yes for coal and oil sands New proposal submitted by DivestBU requesting BU fully divest (see media article* dated March 22, 2019)		BU will do its best to avoid investing in companies that extract coal and tar sands ("perfect implementation cannot be assured, however, given the University's inability to have total investment control due to the endowment's extensive use of (a) commingled investment vehicles for which the investment manager has complete investment authority and (b) passive index-linked investments.") Annual reporting on this matter and commitment to revisit this issue at least every 5 years. – see 2016 Statement

University and Value of Endowment	Fossil Fuel (FF) Divestment?	SRI/ESG Policies?	Actions
Columbia University (10.9B USD at June 30, 2018)	Yes – thermal coal (2017) Ongoing campaign for oil and gas		Divested from companies deriving more than 35% of their revenue from thermal coal production (direct investments only); strengthened existing efforts to reduce our carbon footprint, conduct additional research and policy analysis in the area of global warming and climate change, and participate in the Carbon Disclosure Project's Climate Change Program (see statement) Progress monitored by the Advisory Committee on Socially Responsible Investing (see Annual Report 2017-2018, p.7)
Georgetown University (1.7M USD at June 30, 2018)	Yes – thermal coal and tar sands (2015) GU Fossil Free submitted a new proposal for full divestment in January 2019 (see media article)	SRI Policy	Georgetown will not make or continue any direct investments of endowment funds in companies whose principal business is mining coal for use in energy production and encourage external managers to avoid investments in these companies (see 2015 statement) The university will make reasonable efforts to avoid investments in companies whose principal business is the extraction of bituminous sands ("tar sands") for use in energy production (see 2018 statement)
Johns Hopkins University (4.3B USD at June 30, 2018)	Yes – thermal coal (2017)		Divested from its separately managed holdings in thermal coal on a schedule that minimizes financial loss; no future purchase of stocks or bonds of companies that earn more than 35% of their revenue from thermal coal, will not buy into any partnerships with 35% or more of their total investment in companies whose primary business is to produce thermal coal (see statement)
Oregon State University (595.8M USD at June 30, 2018)	Listed as fully divested (2017)		Unclear – It seems that only the Public University Fund divested, which is a separate pool (see Policy Amendments and article*)

University and Value of Endowment	Fossil Fuel (FF) Divestment?	SRI/ESG Policies?	Actions
Stanford University (26.5B USD at August 31, 2018)	Yes – coal (2014) (Endowment has no direct exposure to oil sands extraction; declined full divestment in 2016 (see statement)	Ethical Investment Framework and Statement on Investment Responsibility (see article)	Stanford will no longer invest directly in publicly traded companies for which coal extraction is the primary business, will divest itself of its holdings in any of the approximately hundred-such companies, and will recommend that its external investment managers also avoid investing in those companies. (see article)
Syracuse University (1.3B USD at June 30, 2018)	Yes (April 2015) See media article*		Syracuse will not directly invest in publicly traded companies whose primary business is extraction of fossil fuels and will direct its external investment managers to take every step possible to prohibit investments in these public companies as well *Holdings*: If this article* is accurate, Syracuse did not have any direct investments in fossil fuels when it made the announcement, only indirect investments.
Yale University (29.4B USD at June 30, 2018)	Listed as partial Media article* dated March 8, 2019 stating Yale has not divested. Media article* dated December 4, 2018 indicates that Yale invests in Antero Resources (fracking)	Yale has an Ethical Investing Policy and *The Ethical Investor* is used as guidepost	Ethical investor; Shareholder engagement; sale of holdings inconsistent with approach laid out by Yale; See: http://investments.yale.edu/divestment

University and Value of Endowment	Fossil Fuel (FF) Divestment?	SRI/ESG Policies?	Actions
University of California (11.7B USD at Dec. 31, 2018)	Yes – 2019 Divestment announced by the UC's Chief Investment Officer, Jagdeep Singh Bachher, and its Board of Regents' Investments Committee Chairman, Richard Sherman, in the LA Times on September 17, 2019. Rationale: fossil fuel assets are a financial risk	Investment Policy explicitly provides that ESG is included in decision-making; Sustainable Investment Framework identifies 8 ESG factors.	Full divestment announced September 2019 • Since 2014, no new investments were made in fossil fuels and exposure to coal and oil sands was sold 4 years ago. • In 2017, holdings of securities of oil and gas drilling and refining firms represented about 3% of UC's total public equity holdings and UC reduced its holdings of oil and gas resources in its real assets portfolio by $200 million Other actions described in the University's June 2017 Statement and 2019 announcement include: signatory to Bill Gates' Breakthrough Energy Coalition; investing in a clean energy developer and other impact investing; framework on sustainable investing/ESG; UNPRI signatory; 5-year goal made in 2014 to invest at least $1B in climate change solutions;
Trinity College Dublin (€201M at Sept. 30, 2018)	Yes (2016)		Decided to divest in December 2016 (and sell up to €6 million of investments in oil companies); see press release Restructured its portfolio (see Feb 2018 article*)
Oxford University (Oxford University has endowment assets of £1.2B; individual colleges have their own endowment assets, which amount to £4.9B at July 31, 2018)	Yes – thermal coal and tar sands	SRI Policy	Endowment managed by OU Endowment Management, which has robust mechanisms to environmental and social factors are fully and properly considered (its Governance Policy is designed to avoid investments with the highest environmental and social risks, such as direct holdings in coal and oil sands) – see statement

University and Value of Endowment	Fossil Fuel (FF) Divestment?	SRI/ESG Policies?	Actions
Cambridge University (The Cambridge University Endowment Fund was valued at £3.2B at July 31, 2018)	Yes - thermal coal and tar sands Response (June 2018) Will explore full divestment (see media article* dated May 7, 2019)	No mention of ESG in the University's Statement of Investment Responsibility	prohibit direct investment in the fossil fuel sector, minimize investment in the most polluting industries (defined as thermal coal and tar sands) through managed and index funds to the extent possible, further explore and encourage environmental impact investing, and promote academic leadership by creating a Centre for a Carbon Neutral Future.
London School of Economics (£141.6M at July 31, 2018)	Yes – thermal coal and tar sands (Nov. 2015)	SRI Policy (especially s.1.5 and 1.7)	1.5. The School will not make direct or, as far as possible, indirect investments in equities or bonds issued by companies engaged in tobacco manufacture, indiscriminate arms manufacture or companies which are significantly engaged in the extraction of thermal coal and tar sands, the most polluting of fossil fuels." 1.7 The School will seek to progressively reduce its investment in funds which indirectly place its endowment in companies significantly engaged in the extraction of thermal coal and tar sands. *Holdings*: £97.2 million in investments in coal and tar sands companies in 2015 (*media article) *Progress*: 2.2% reduction of indirect investments into extraction of thermal or tar sands, indiscriminate armaments and tobacco manufacturing in 2016-17
King's College London (£233M at July 31, 2018)	Yes – thermal coal and tar sands (see media article*) Agreed to completely divest from fossil fuels by 2022, subject to there being no significant impact upon the financial risk and returns used to support academic activities.(See 2017 Statement)	Socially Responsible Investment Ethical Investment Policy	Research; divest from all fossil fuels by the end of the year 2022 (subject to there being no significant impact upon the financial risk and returns used to support academic activities); increase its commitment to investments with socially responsible benefits from the present aim of 15% to an aspiration of at least 40% by 2025 (subject to there being no significant impact upon the financial risks and returns); annual report on progress. *Timeline for transition*: 4 years (by 2022)

University and Value of Endowment	Fossil Fuel (FF) Divestment?	SRI/ESG Policies?	Actions
University of Copenhagen	Yes	Ethical Investment Policy (Danish)	The university will not invest money in businesses where more than 5% of revenue "derives from activities in the form of prospecting, extraction, or refining of fossil fuels (coal, oil, gas) or products for the offshore industry." (2016 media article*)
University of Glasgow (£200M at July 31, 2018)	Yes See Statement (Oct. 2014)	Socially Responsible Investment Policy	Committed to full divestment by 2024, subject to review of the financial impacts, and a commitment to reduce fossil fuel investments to less than 6.4% of total endowment investments by 2019. *Timeline for transition*: 10 years (by 2024) *Holdings in FF*: around £18 million
University of Edinburgh (£424M at July 31, 2018)	Yes Announcement (Feb. 2018) Media Article* (Feb 2018)	Responsible Investment Policy Statement https://www.ed.ac.uk/about/sustainability/what-we-do/responsible-investment/policy	UNPRI signatory. The University has made a commitment to cease investing in fossil fuel extraction and production, across its direct and pooled investments. This includes coal, tar sands, oil and gas. *Timeline for transition*: 3 years (by 2021) *Holdings in FF*: As of early 2018, investment in fossil fuels represented less than 1% of the total funds under management and included direct investments in two firms of less than £5M.) See Q&A

Part II - Snapshot of Socially Responsible Investment (SRI) Practices in the Not-for-Profit Sector at April 11, 2019

(Updated October 2019 to include Trottier Family Foundation)

ORGANIZATION	MISSION	ASSETS UNDER MANAGEMENT	HOLDINGS IN FOSSIL FUELS INDUSTRY	SRI CONSIDERATIONS IN INVESTMENT PRACTICES
Trottier Family Foundation ***Fondation familiale Trottier*** Based in Montreal https://www.trottierfoundation.com/	The Trottier Family Foundation supports organizations that work towards the advancement of scientific inquiry, the promotion of education, fostering better health, protecting the environment and mitigating climate change. It strives to catalyze and scale transformative innovations, create cross sector collaborations, and take risks that others cannot.	$162 million (2018)	Fully divested – process began in 2015 and completed in 2019	Philanthropy focus on Environment, Health, Education, and Science;○ Member of the Responsible Investment Association (RIA); Committed to the Divest Invest Pledge Impact Investing [e.g. CoPower (Green Bond), Cycle Capital (Clean Tech), Raven Capital (Indigenous renewable energy)] Active management through partnerships with independent asset managers Incorporates ESG risks in the investment process Measures carbon footprint of portfolio Working with investment managers, includes Genus, NEI Environmental Leaders, Mawer, Jarislowsky Fraser, PH&N, Fiera, RBC

ORGANIZATION	MISSION	ASSETS UNDER MANAGEMENT	HOLDINGS IN FOSSIL FUELS INDUSTRY	SRI CONSIDERATIONS IN INVESTMENT PRACTICES
Foundation of Greater Montreal (FGM) ***Fondation du Grand Montréal*** Based in Montreal https://fgmtl.org/	The Foundation of Greater Montreal (FGM) helps individuals, families and organizations getting involved to support their community by creating funds for selected causes in all sectors. The FGM manages the funds' assets and guides donors by identifying key issues and supporting the community's most dynamic actors. It also encourages philanthropy as a major driver for well-being in Greater Montréal.	$292 million (2017)	Not disclosed. No mention of a move towards divestment from the fossil fuel industry, or any other industry.	In 2017, the FGM Investment Policy was revised. The revision included a commitment that the FGM will conduct itself as a socially responsible investor. As such, as of 2017, the FGM assigns 10% of its portfolio to an Environmental, Social and Governance (ESG) investment manager. The FGM is also studying the possibility of incorporating the use of ESG criteria among its conventional investment managers.

ORGANIZATION	MISSION	ASSETS UNDER MANAGEMENT	HOLDINGS IN FOSSIL FUELS INDUSTRY	SRI CONSIDERATIONS IN INVESTMENT PRACTICES
The J.W. McConnell Family Foundation (McConnell Foundation) Based in Montreal https://mcconnellfoundation.ca/ Member of the Responsible Investment Association, (RIA) a Canadian membership-based association that advises members on incorporating ESG principles into their investment activities.	The McConnell Foundation is a private Canadian foundation that develops and applies innovative approaches to social, cultural, economic and environmental challenges. They do so through granting and investing, capacity building, convening, and co-creation withgrantees, partners and the public. The Foundation's purpose is to enhance Canada's ability to address complex social, environmental and economic challenges.	$635 million (2016)	Not disclosed. No mention of a move towards divestment from the fossil fuel industry, or any other industry.	The McConnell Foundation became an Impact Investor* in 2007. When the Foundation made this decision, a commitment was made to allocate 10% of total assets to Impact Investments by 2020. At the end of 2017, the value of Impact Investments was $50.5 million. Solutions Finance Initiative**: Launched in 2017, this initiative committed the Foundation to implementing responsible investing practices across 100% of its endowment. These practices include: • targeted negative and positive screens • shareholder engagement and activism on priority issues

*Impact investments are investments made with the intention to generate measurable social and environmental impact alongside a financial return
**The full responsible investment strategy in support of Solutions Finance (including the timeline to achieve it) will be developed over the coming months.

ORGANIZATION	MISSION	ASSETS UNDER MANAGEMENT	HOLDINGS IN FOSSIL FUELS INDUSTRY	SRI CONSIDERATIONS IN INVESTMENT PRACTICES
Ivey Foundation Based in Toronto http://www.ivey.org/ Member of the Responsible Investment Association (RIA)	The mission of the Foundation is to improve the well-being of Canadians by focusing its resources on selected issues of significance. The Foundation issues grants in the following three areas: Economy and Environment Program, Strategic Opportunities, and Director-Initiated.	$98.5 million (2017 year-end)	Not disclosed. No mention of a move towards divestment from the fossil fuel industry, or any other industry.	In 2015, the Foundation invested 7.4% of total assets in “sustainable assets.” Although the Foundation does not explicitly state what the criteria are for an asset to fall under the sustainable category, they state that ESG filters are applied. A sample of holdings in sustainable assets include: -Provincial green bonds -Global cleantech fund -cleantech private equity fund -Direct equity position in a Canadian based global renewable energy company -Credit facility in support of an investment platform in the clean energy distribution market -Toronto-based clean energy improvement organization.” * As of mid-2018, the sustainable assets now make up 17% of the Foundation’s portfolio**

* The exact assets described above are not publicly disclosed.
** The Foundation does not specify if this is a result of organic growth of existing investments or additional capital investments under the “sustainable assets” umbrella.

ORGANIZATION	MISSION	ASSETS UNDER MANAGEMENT	HOLDINGS IN FOSSIL FUELS INDUSTRY	SRI CONSIDERATIONS IN INVESTMENT PRACTICES
The Pierre Elliott Trudeau Foundation (Trudeau Foundation) http://www.trudeaufoundation.ca/en Based in Montreal	The Trudeau Foundation is an independent and non-partisan charity established in 2001. The Foundation encourages critical reflection and action by granting doctoral scholarships, awarding fellowships, appointing mentors, and holding public events. The Foundation supports research and engagement in the humanities and social sciences, and fosters a fruitful dialogue between scholars and decision makers in the arts community, business, government, and civil society organizations.	$147 million (August, 2018)	Not disclosed. No mention of a move towards divestment from the fossil fuel industry, or any other industry.	The Foundation is currently working on developing an SRI policy. Discussions remain internal at this point.

ORGANIZATION	MISSION	ASSETS UNDER MANAGEMENT	HOLDINGS IN FOSSIL FUELS INDUSTRY	SRI CONSIDERATIONS IN INVESTMENT PRACTICES
The George Cedric Metcalf Charitable Foundation (Metcalf Foundation) https://metcalffoundation.com/ Based in Toronto	The mission of the Metcalf Foundation is to enhance the effectiveness of people and organizations working together to help Canadians imagine and build a just, healthy, and creative society.	$170 million (2017)	Not disclosed. No mention of a move towards divestment from the fossil fuel industry, or any other industry.	The Metcalf Foundation does not publish its investment policy in the public domain. However, they state that projects with an environmental focus are a pillar of initiatives funded by the Foundation. In 2017, 28% of all grants were directed towards initiatives is to *advance natural climate solutions in Canada*, and build a *low-carbon, resource efficient and resilient Canada.*

ORGANIZATION	MISSION	ASSETS UNDER MANAGEMENT	HOLDINGS IN FOSSIL FUELS INDUSTRY	SRI CONSIDERATIONS IN INVESTMENT PRACTICES
United Church of Canada https://www.united-church.ca/ Based in Toronto	Largest Protestant denomination in Canada	General Fund: Not Disclosed *($125 million in 2015)*	$5.9 million, equivalent to 4.7 per cent of the General Fund. (2015) At the 2015 meeting of the United Church of Canada General Council, members voted in favour of the church **divesting** of fossil fuel assets.	In 2017, the church revised its investment policy.* In terms of stock screening, the 2017 revision states that the church's fund shall not be invested in the securities of companies primarily engaged in: -development, manufacture or sale of weapons or weapon delivery systems -preparation, distribution and sale of salacious or pornographic materials -the manufacture and sale of tobacco products or gambling activities It also states that the Fund shall not invest in fossil fuel companies listed on the Carbon 200. The policy goes on to state that the investment committee has a 5% revenue threshold from any of the above activities – meaning that holdings in any of those sectors made before 2017 would not be immediately impacted. However, pursuant to the 2017 investment policy, no future investments would be made in those sectors.**

*There is no mention in the 2017 policy of divestment from assets of any kind, or the 2015 General Council move in favour of divestment.
** There is no mention of divestment from any such investment should the 5% threshold be reached.

ORGANIZATION	MISSION	ASSETS UNDER MANAGEMENT	HOLDINGS IN FOSSIL FUELS INDUSTRY	SRI CONSIDERATIONS IN INVESTMENT PRACTICES
Canadian Medical Association (CMA) https://www.cma.ca/ Based in Ottawa	The CMA is the voice of Canada’s medical profession. The CMA works with physicians on issues that matter to the profession and the health of Canadians. Their focus is health advocacy — informed by policy and prioritized by members.	Total assets are over $40 billion (managed by MD Financial) The CMA also has a Reserve Fund, valued at $30 million in 2015.	From total assets: Not disclosed From the Reserve Fund: $1.8 million of holdings in fossil fuels industry in 2015.	In 2015, the CMA General Council voted to divest its Reserve Fund of holdings in fossil fuel companies. This represented 6% — or $1.8 million of the fund. The $1.8 million divestment was completed in 2016. The decision did not apply to MD Financial Management Inc., a CMA-owned financial company that manages more than $40 billion in investments for physicians.

ORGANIZATION	MISSION	ASSETS UNDER MANAGEMENT	HOLDINGS IN FOSSIL FUELS INDUSTRY	SRI CONSIDERATIONS IN INVESTMENT PRACTICES
Macdonald Stewart Foundation No website on record Based in Montreal	Established in 1973, the Macdonald Stewart Foundation provides support for culture, Canadian heritage, medicine, education, international cooperation and youth initiatives.	Total assets are reported $54.8 million (2017) The CMA also has a Reserve Fund, valued at $30 million in 2015.	Not disclosed	No information publicly available.