

Research proposal:

Developing a set of Socially Responsible Investment guidelines for the University of British Columbia

Background

Every year, the Sustainable Endowments Institute (SEI) examines 300 of the wealthiest colleges and universities in North America through the lens of sustainability.¹ According to the SEI's College Sustainability Report Card (CSRC) the University of British Columbia was the only school in Canada to earn a score as high as A-, and one out of just 15 schools overall to score that high. UBC obtained top scores due to its progressive policies and institutional operations to address climate change, the upgrading and construction of new facilities to increase water and energy efficiency, as well as for its policies regarding local food services, recycling programs and transportation.

UBC's rating in the CSRC might serve as an appropriate indicator by which we might judge the success of UBC's socially responsible investment (SRI) practices. The CSRC 2009 awarded UBC an "A" in the category of endowment transparency, a "B" in investment priorities and a "B" for its efforts in the area of shareholder engagement. Reasons given for the high rating in these categories were: the monthly update of endowment holdings on the university's website; public access to proxy voting records through the university's investment office; and the creation of an advisory committee on socially responsible investing comprised of faculty, staff, students, and alumni members. In fact, the UBC Board of Governors is still in the process of setting up the SRI Committee. The recent departure of the designated chair of the SRI committee, Byron Braley, former VP of Treasury at UBC, as well as other unforeseen circumstances given the current financial climate have delayed the creation of the committee.

The mandate of the UBC SRI committee, according to drafted terms of reference, will be to make recommendations to the Board of Governors about policies that seek to:

- Align the conduct of those corporations, governments and other securities in which the endowment is invested with the values of the University;
- Ensure transparency of endowment holdings;
- Guide the use of voting rights on endowment investments, and
- Help the Board interface with people or groups with a relevant interest in UBC's investment practices.
- Seek proactive investments such as community and green energy that support university values, and move investments away from those areas which conflict with university values.

¹ Sustainable Endowments Institute (2008). *College Sustainability Report Card 2009*. Retrieved November 11, 2008, <http://www.GreenReportCard.org/report-card-2009/executive-summary>.

Project Purpose (Terms of Reference)

This professional project seeks to develop a set of socially responsible investment guidelines for UBC. These guidelines would serve as a tool to help managers of UBC’s endowment ensure that the University’s investment practice reflect values and priorities expressed by the Board of Governors, donors, students, faculty, staff, and alumni. Interesting—is the idea that YOU create these guidelines, or that you help a representative committee create these guidelines? Clarify relationship between your project and the committee.

In preparation for this project, I have completed the following tasks:

Timeline	Description	Deliverable
Dec 2007 – Apr 2008	SRI researcher, UBC Alma Matter Society (AMS) Scanned existing literature on SRI. Reviewed current UBC investment practices. Provided recommendations on SRI to student representatives at UBC’s Board of Governors.	AMS SRI report (April 2008)
May - Oct	Completed the UBC curriculum for Business and professional ethics: PHIL 434A	
Oct 26 – 29	Attended <u>19th annual SRI in the Rockies Conference</u> , the most important gathering of the North American SRI industry in order to obtain a better understanding of SRI best practice, and gain allies for UBC’s SRI efforts.	SRI conference Report including a list of contacts made. (November 2008)

Scope of research project

The project shall consist of two related components:

- 1) To act as facilitator of the SRI Committee, as an internship.
- 2) To develop a set of socially responsible investment guidelines for UBC. The development of these guidelines will serve as a Graduation Research Project to obtain the degree of Master of Arts (Planning) from the School of Community and Regional Planning (SCARP) of UBC.

Description of tasks

- 1) Internship: Facilitator of the SRI Committee (January – May 2009)

As an intern working with the SRI Committee, I could assist the committee with the knowledge, experience and contacts I have already developed in the course of my research. Typically, an internship involves the equivalent of one day per week during one term.

My responsibilities during this internship may include:

- A) Coordinate four educational sessions of two hours for SRI Committee members;
- B) Facilitate one SRI committee meeting per month;
- C) Liaise with group of three students (potentially recruited through the AMS) to conduct a literature review on a set of documents and policies that reflect current UBC policies and practice. This review may include:
 - UBC's Trek 2010 vision statement
 - UBC's workplace policies and practices
 - Aboriginal strategic plan
 - Sustainability procurement
 - Supplier code of Conduct
 - Land and community planning
 - Sustainability Strategy
 - Other documents as required

At the end of March, student researchers should produce a series of briefing notes documenting UBC practices and policies. These briefing notes can help the SRI Committee set responsible investment criteria that reflect current institutional practices at UBC.

- 2) Master's Degree Graduation Research Project: Developing a set of socially responsible investment guidelines for UBC. (February – September 2009)

SCARP offers the option of a developing professional project in order to fulfill the requirements for completion of a master's degree. As a graduate student choosing this option, I would be expected to write a report that demonstrates an appropriate design and approach to formulate a set of suitable SRI Guidelines for UBC's SRI Committee and Board of Governors. To do this, I plan to coordinate a review of relevant literature and critically analyze the information gathered during interviews and focus groups.

The investment guidelines that I would develop through this project may help financial managers ensure that investments of the University's endowment reflect values and investment priorities expressed by pertinent actors in the management of UBC's assets. These actors include: members of the Board of Governors, donors, UBC students, faculty, staff, and alumni.

Methods

Methods for data collection will include:

- A literature review coordinated during internship. This review will provide background information on different approaches to socially responsible investments and on UBC's policies and institutional practices.
- Interviews with key stakeholders in UBC's endowment investments. Key informants will include: members of UBC's Board of Governors, members of the SRI Committee, donors, staff from UBC Treasury, UBC IMANT, and the office of UBC's president.

- Proceedings of SRI Committee meetings.
- Two focus groups with representative groups of the UBC Community (UBC students, faculty, administrative staff, and alumni).
- Recommendations from one panel of experts from the investment industry. The panel of experts will be asked to review and comment on a preliminary draft of investment guidelines.

Sampling methods

Sample selection for key informants will follow a quota sampling method. At the very least I will seek to interview one of each: a member of UBC’s Board of Governors, a member of the SRI Committee, a donor to the University, a representative from the AMS, a faculty member with expertise in the area of SRI, a staff member from UBC’s Treasury, a staff member from UBC IMANT, and a staff member from the office of UBC’s President.

Focus groups participants will be recruited through a convenience sampling method. To do this, I will rely on the use of printed advertisements in publications that cater to the university community, e-mail notices, word of mouth as well as per direct invitation. Finally, members at the panel of experts will be recruited through snowballing sampling where existing participants recruit additional subjects from among their peers.

Plan for execution

The anticipated schedule for the execution of this research is as follows:

- February – April 2009	Coordinate literature review on SRI and UBC investment practice by team of three student researchers.
- February – May 2009	Conduct interviews with key stakeholders in UBC’s endowment investments. These include: members of UBC’s Board of Governors, members of the SRI Committee, staff from UBC Treasury, UBC IMANT, and the office of UBC’s president.
- May 2009	Conduct two focus group with UBC students, faculty, administrative staff, and alumni
- June – August 2009	Codify, analyze and report on preliminary data.
- August – September 2009	Conduct expert panel consultation. Write SRI Guidelines.
- October 2009	Submit final report (this will also fulfil graduation requirements for SCARP).
- November 2009	Master’s Degree Project Defence at SCARP.

List of resources needed

The following represents an estimation of the resources required to carry out the research proposal as described:

Item	Amount
Researcher stipend	9,000.00
Supervising & mentoring by SCARP research supervisor as well as from designated staff person from UBC's Treasury	-
Transportation costs, both local and to attend conferences or interviews	1,500.00
Education and SRI workshop expenses	1,000.00
3 honorariums of \$300 each for student researchers	900.00
Budget for meetings, networking events and focus groups	600.00
Purchase of related books and subscription to specialized publications	350.00
Telephone access for interviews (including long distance charges where necessary)	300.00
Editing, design and publication costs for ads	300.00
Licenses for coding and microcomputer software	250.00
Photocopies and printing	120.00
Office supplies (markers, binders, stationary, etc.)	90.00
Access to personal computer & the internet	
Office space	-
Audio recorder	-
Total	\$14,410.00

Outreach and partnerships

The following individuals have already provided support for this project:

- Peter Smailes, Treasurer, UBC	Project sponsor
- Margo Fryer, Director of UBC's Learning Exchange, UBC	Academic supervisor at SCARP
- Byron Braley, former Associate Vice President of Treasury, UBC	Mr. Braley was the former sponsor of this research and responsible for the creation of the SRI Committee.
- Morgan Simon, Executive Director, Responsible Endowments Coalition (REC)	The REC works with over 70 colleges and universities in North America addressing SRI issues. They would be able to co-facilitate SRI education workshops.
- James Tansey, former Chair in Business Ethics, W. Maurice Young Centre for Applied Ethics, UBC	Dr. Tansey has provided advice and support regarding applied business ethics.

- Chris Diplock, Vice President of Finance, UBC's Alma Mater Society	Mr. Diplock was the sponsor for the AMS SRI Report completed in April of 2008.
- Peter Chapman, Executive Director, Shareholder Association for Research and Education (SHARE).	SHARE is a Vancouver-based non-profit that works with individuals and institutions to implement SRI strategies.

Relevance to UBC

My research for the AMS background study completed in April of 2008, showed a growing trend in the adoption of SRI approaches among colleges and universities. It is likely that UBC will encounter increasing demand from internal and external stakeholders to assume SRI practices in the management of its endowment assets, as well as for the overall operations of the University. Many in the SRI industry see the current financial crisis as an opportunity to advocate for a level of accountability and regulation that has been lacking in conventional financial systems. An SRI framework can serve as an efficient, methodical and transparent approach to fulfill the duty of fiduciaries of the University's assets.

This project seeks to encourage individuals and institutions to engage critically in the debate of social responsibility. It represents an opportunity for UBC to leverage its resources, collaborate with key organizations and encourage the implementation of policies that can ensure that the University remains a leader in the resolution of environmental challenges in Canada and abroad. My goal is to offer the Board of Governors tools for addressing these issues. I hope that it also encourages members of the wider UBC community to consider how the values and attitudes expressed through our academic work might be reflected in the financial decisions we make as individuals.