



## Responsible Investment Policy

**Oversight Body:** Budget and Finance Committee

**Date Passed by Council:** April 22, 2020

**Date of Next Review:** April 2022

**Title of Related Policies, Bylaws, Legislation:** Financial Policy; Bylaw 5.3; Bylaw 7; Equity Policy

### Definitions:

**Responsible Investment:** For the purposes of this policy, responsible investment is understood to be a strategy and practice to incorporate environmental, social and governance (ESG) considerations in investment decisions by making proactive investments in companies and projects that align with the Union's principles and screening out or divesting from industries where such investments would support activities against the Union's values.

**Union:** The Dalhousie Student Union

**Purpose:** This policy lays out the principles that guide the Union's investing practices in order to align the organization's financial management with its overarching objectives.

**Scope:** This policy shall apply to all Union investments including the DSU Health Plan Reserve Fund and the DSU Endowment Fund. It shall guide both the review of current investments and of any new investment opportunities.

## **Policy Statement:**

### 1. Principles

1.1 The Union, as a representative body and a membership-based organization, has a responsibility to act in the best interests of its members with regard to investments. All decisions around investment activities must be made in a responsible and democratic manner and in compliance with all existing policies, bylaws, and legislation.

1.2 The Union aims to fulfill its objectives as laid out in Bylaw 3, including:

1.2.1 To encourage in the students of the University an awareness of their responsibilities in the local, provincial, national, and international community; and

1.2.2 To provide services and programming that enhance student life in a financially, socially, and environmentally responsible manner.

1.3 The Union values a sustainable future and wishes to support clean, renewable energy. Further, the Union is committed to educating and assisting Dalhousie students, community members, and other student unions in learning more about fossil fuel divestment and the effects of climate change, renewable energy and the need to mitigate the harm of the carbon bubble.

1.4 Pursuant to the Equity Policy, the Union seeks to actively challenge discrimination, harassment, and oppression, and to ameliorate the conditions of marginalized communities.

1.5 Pursuant to the Financial Policy, the Union may from time to time make investments for the sole purpose of the long- term growth and viability of the Union when the balance in the investment cash account so permits, in accordance with existing policies and bylaws.

1.6 It is the belief of the Union that portfolio diversification is an effective way to maximize long-term risk-adjusted returns, and that the integration of environmental, social, and governance (ESG) factors into the management of investments can have a positive influence on long-term financial performance.

1.7 In accordance with the principles outlined above, the Union is committed to responsible investment. In order to fulfill this commitment, the Union positively supports investments in sustainable and responsible companies and establishes restrictions on investments in particular companies and industries.

## 2. Negative and Positive Screening Factors

2.1 The Union shall refuse investment in, and divest from any current holdings in, the following:

2.1.1 Companies which operate in the coal, oil, and gas sectors. In other words, and without restricting the generality of the preceding, companies which derive their profits from the extraction, production, or combustion of fossil fuels;

2.1.2 Companies which derive their profits from mining or quarrying;

2.1.3 Companies with a record of cautions or convictions for pollution offences, including water and air pollution offences;

2.1.4 Companies whose policies, practices, and/or record, or those of the companies that make up their supply chain, fall below recognized international standards for human rights and/or labour standards;

2.1.5 Companies whose policies, practices, and/or record demonstrate a lack of respect for the rights and well-being of Indigenous peoples;

2.1.6 Companies deriving their profits from the production of weapons and weapon systems;

2.1.7 Companies deriving their profits from the manufacture and/or distribution of alcohol products;

2.1.8 Companies deriving their profits from gambling.

2.2 The Union shall actively seek to support, through its investments, the following:

2.2.1 Companies that are involved in the renewable energy sector;

2.2.2 Companies that are involved in reducing or cleaning up pollution, including water and air pollution;

2.2.3 Companies whose policies, practices, and/or record demonstrate evidence of respect for:

2.2.3.1 Principles of anti-oppression, diversity, and/or equal opportunity;

2.2.3.2 Job creation, job security, and workers' rights, including the right to unionize;

2.2.3.3 The health and safety of workers; and/or

2.2.3.4 The rights and well-being of Indigenous peoples.

### 3. Responsibilities

3.1 The Budget and Finance Committee shall be the oversight body for this policy. The Budget and Finance Committee shall:

3.1.1 Review the Union's investments in order to identify any issues with regard to compliance with this policy;

3.1.2 Report to Council on the Union's investments in the manner laid out in section 4 of this policy;

3.1.3 Where necessary, direct the External Funds Manager to divest from companies or industries that do not comply with the criteria laid out in this policy;

3.1.4 Where necessary or when directed by Council, direct the External Funds Manager to make adjustments to the Union's investment portfolio in order to better align with the principles and screening factors in this policy;

3.1.5 When necessary and in compliance with existing policy, make recommendation to the Executive Committee or Council regarding the selection of an External Funds Manager;

3.1.6 Make recommendations to Council regarding Bylaw and Policy amendments related to investments.

3.2 Meetings of the Budget and Finance Committee that deal with matters of investment shall, notwithstanding other bylaws and policies, be closed to non-Committee members and observers. The Committee shall have the authority to invite individual non-Committee members to attend said meetings in order to offer unique insight or guidance to the Committee.

3.3 The Vice President, Finance and Operations shall hold the following specific responsibilities with regard to the Union's investments:

3.3.1 Serve as liaison between the Budget and Finance Committee and Council by presenting the yearly Responsible Investment Report to Council; bringing Council's directions, questions, and other communications to the Committee;

and performing other tasks as may be required by either Council or the Committee;

3.3.2 Serve as liaison between the External Funds Manager and the Union by requesting reports; communicating directions for adjustments to the investment portfolio, and other tasks as may be required by either the External Funds Manager or the Union;

3.3.3 Where appropriate, task the Budget and Finance Committee and/or the Union's full-time staff with conducting research on particular industries, companies, current issues in investing, and other topics that the Union may require insight into in order to ensure responsible management of the Union's invested funds.

3.4 For the purpose of the day-to-day management of the Union's invested funds, the Union shall enter into a contract with an External Funds Manager. The process for entering into said contract, as well as its terms, shall be governed by the procedures and restrictions laid out in the Union's Financial Policy and any other relevant governing documents.

3.5 The External Funds Manager shall manage the Union's investment portfolio in accordance with this policy.

#### 4. Review and Reporting

4.1 The Budget and Finance Committee shall conduct a yearly review of the Union's investment portfolio focusing on compliance with this policy, to be completed by October 31 of each year.

4.2 Upon completion of said review, the Committee shall compile a Responsible Investment Report highlighting areas of non-compliance with this policy; direction given to the External Funds Manager by the Committee since the last report and the outcome of said direction; and any other findings that may be of concern or interest to Council.

4.3 The Vice President, Finance and Operations shall present the Responsible Investment Report to Council by the end of the Fall Semester.

4.4 Council may, by ordinary resolution, request additional reports on the Union's compliance with this policy.

4.4.1 To allow for adequate time for communication with the Budget and Finance Committee and the External Funds Manager, the deadline for the

delivery of such additional reports to Council shall be set for no sooner than thirty (30) days after the date of Council's approval of the resolution.

## 5. Divestment and Redirection of Invested Funds

5.1 In order to maintain compliance with this policy, the Union may from time to time need to divest from a particular company or industry. In the spirit of the positive screening factors outlined in this policy, the Union may from time to time also wish to redirect invested funds towards particular companies or industries.

5.2 While the day-to-day management of the Union's investment portfolio under this policy is delegated to the External Funds Manager, the Budget and Finance Committee or Council may provide the External Funds Manager with specific direction to carry out said divestment or redirection of funds.

5.3 Decisions to direct the External Funds Manager to divest or redirect particular funds shall be taken through an ordinary resolution of the Budget and Finance Committee. Such decisions may also be taken through an ordinary resolution of Council.

5.4 Direction given to the External Funds Manager under this section, as well as the outcome of said direction, shall be reported to Council by the Vice President, Finance and Operations.

5.5 Direction given to the External Funds Manager under this section must be in alignment with the principles and regulations laid out in this policy.

## 6. Policy Review

6.1 This policy shall be reviewed by the Budget and Finance Committee once every three (3) years. The policy may be reviewed or amended more frequently based on the direction of the Executive Committee, Council, or the Budget and Finance Committee.