



University of Toronto

OFFICE OF THE VICE-PRESIDENT, BUSINESS AFFAIRS

TO: University Affairs Board

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AGENDA ITEM: 3

ITEM IDENTIFICATION:

Revised policy: Social and Political Issues with Respect to University Investment

JURISDICTIONAL INFORMATION:

The Business Board is responsible for approval of policies governing the financial operations of the University, including the investment policies.

The University Affairs Board is responsible for the non-financial aspects of University investments.

PREVIOUS ACTION TAKEN:

The Governing Council approved the statement on Social and Political Issues with Respect to University Investment on December 22, 1978. The policy was revised by the Governing Council on December 14, 1994 to make the President, or other senior officer designated by the President, Chair of the Advisory Committee.

The University Affairs Board reviewed a revised statement of the Social and Political Issues with Respect to University Investment on November 6, 2007. The motion to replace the existing policy with the revised statement failed, and the Board requested that the statement be revised and brought back for review at a later date.

HIGHLIGHTS:

The statement on Social and Political Issues with Respect to University investments was created to provide a mechanism for the university community to express opinions about the investments of the university and whether they reflected the values of the organization.

In the revision of the policy since the meeting on November 6, 2007 the role of the University as a steward of academic freedom, freedom of speech and open debate has been clarified. The University may take a position on certain public issues, but this is a rare occurrence and the decision to divest in response to those positions would occur only if the investments were in conflict with the University's previously stated position. The policy as approved in 1978 and revised in 1994 put the onus of reviewing divestment

recommendations on a committee of members of the Governing Council. The members would review the request and make a recommendation to the President, who was then free to accept or reject. The oversight of the committee composition now rests with the Executive Committee of the Governing Council and the President's role has been clarified.

In the revised Policy the individuals on the review committee will be chosen based on having appropriate expertise in the area, but they will not be members of the Governing Council. However, the committee members will still be drawn from all areas, including teaching staff, students, administrative staff and alumni. The Chair of the committee will be a senior University officer designated by the President. The President will recommend the appointment of the members to the ad hoc review committee for approval by the Executive Committee of the Governing Council.

The review committee will analyze the issue and provide the President with its recommendation regarding the appropriate action to be taken by the University. As in the 1978 policy, the President will receive the recommendation of the committee and make the final decision on the action to be taken by the University.

The 1978 policy was approved at a time when the investment decisions of the University were made by a committee advisory to the President of the University and the implementation of the decisions was handled by the Treasury department. Since that time, the University has restructured the whole investment process by creating UTAM, a subsidiary company with a separate board of directors selected for their investment expertise. UTAM is staffed by investment professionals. The University no longer has any employees on staff with investment management expertise or accountability. It is important to note that the strategy currently employed by UTAM is to hire managers for specific mandates (asset classes, geographic concentration etc), but UTAM does not make public equity investment decisions directly. This policy deals only with social and political issues related to investments; however, University investment policy is approved by the Business Board. UTAM is required to comply with the policies approved by the Business Board.

The 1978 statement is a mix of policy and procedure, and this further increased the problem in responding to it. The procedures are now in a separate document that can be amended as required, as long as they comply with the policy. The President will advise the Executive Committee of any substantive changes in procedure. The procedures are attached for your information.

FINANCIAL AND/OR PLANNING IMPLICATIONS:

The revised policy retains the intent of the original statement, but clarifies the roles and responsibilities of each entity.

RECOMMENDATION:

THAT the University Affairs Board recommends approval of the revised policy by the Governing Council.