



FOR INFORMATION

OPEN SESSION

TO: Business Board

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DATE: January 11, 2016 for January 25, 2016

AGENDA ITEM: Item Number

ITEM IDENTIFICATION:

Responsible Investing Committee 2014-15 Annual Report.

JURISDICTIONAL INFORMATION:

The Business Board is responsible for financial matters including financial policy and investment oversight. The Responsible Investing Committee is not a governance committee but is advisory to the Chief Financial Officer. In accordance with the Committee's terms of reference, its annual report is provided to the Business Board for information.

GOVERNANCE PATH:

1. Business Board [For Information] (January 25, 2016)

PREVIOUS ACTION TAKEN:

The annual report for the 2013-14 year was provided to the Business Board at its meeting on January 26, 2015.

HIGHLIGHTS:

The Responsible Investing Committee (RIC) provides a forum for interested parties at the University to discuss and express opinions on principles related to responsible investing. From time to time, the RIC may make recommendations to the University about principles of responsible investing to be considered by the Administration and UTAM. At the same time, ultimate fiduciary responsibility rests with the Governing Council of the University.

The RIC was established in 2009. A review at the end of its first three years was conducted by a working group of three members of Business Board. The working group was impressed with the work of the RIC over its first three years of operations. The attached annual report describes the work of the RIC for 2014-15.

FINANCIAL IMPLICATIONS:

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RECOMMENDATION:

For information

DOCUMENTATION PROVIDED:

Responsible Investing Committee 2014-15 Annual Report.

RESPONSIBLE INVESTING COMMITTEE

University of Toronto

Annual Report
2014-2015

December 23, 2015

1. Establishment of Committee

The creation of the Responsible Investing Committee (Committee) resulted from a proposal made in 2005 by a group of law students on how the University could move toward responsible investing. In 2008, a revised proposal from students was submitted to the University, and a presentation was made to the Governing Council on the topic by the Co-Chairs of the student-led University of Toronto Committee on Responsible Investment.

The Committee's *Terms of Reference* were approved in March 2009. The Mandate of the Committee was to serve as an advisory group to the Vice-President, Business Affairs and to provide a forum for interested parties at the University to discuss principles related to responsible investing and to make recommendations to the University about principles of responsible investment to be considered by the Administration and UTAM.

The University of Toronto was the first Canadian university to establish such a Committee. The first meeting of the Committee was held in the spring of 2009.

2. Membership of Committee

The *Terms of Reference* stated that the Committee would have eight members, including students, alumni, teaching staff and non-teaching staff of the University, as well as a designate of the Vice-President, Business Affairs who had investment experience. The Vice-President, Business Affairs was an *ex officio* member of the Committee.

In December 2011, Ms Catherine Riggall, the Vice-President, Business Affairs, retired and the Committee became advisory to Ms Sheila Brown, the Chief Financial Officer of the University of Toronto.

The 2014 - 2015 membership of the Committee was:

Professor Anita Anand (teaching staff)

Professor Miriam Diamond (teaching staff)

Ms Barbara Hendrickson (alumna, Vice-Chair)

Ms Nisha Kumari (alumna, Carbon Disclosure Project Subcommittee,)

Ms Carol Liao (student, Outreach and Communication Subcommittee)

Mr. Matt Stergiou (student)

Mr. Stephan Trusevych (student)

Vacant (non-teaching
staff)

Ms Becker, Director, Operational Due Diligence & Chief Compliance Officer, UTAM (CFO's designate)

Ms Sheila Brown, Chief Financial Officer, University of Toronto, *ex officio*

Ms Cristina Oke, Recording Secretary

3. Subcommittees

The Committee created three subcommittees: General Policy on Environmental, Social and Corporate Governance (ESG), Proxy Voting Record, and Community Outreach and Issues Identification. The purpose of the subcommittees was to provide students with an opportunity to conduct research on issues related to responsible investing.

In 2011, the United Nations Principles of Responsible Investment (UN PRI) subcommittee was established to assist in the development of the recommendation that the University of Toronto become a signatory to the UN PRI.

Effective July 1, 2014, the subcommittees on UN PRI and General Policy on ESG were merged into one subcommittee.

4. Relationship with the University of Toronto Assess Management Corporation (UTAM)

The Committee has established a positive working relationship with senior management at UTAM. The CFO designate has always been a senior member of the UTAM staff. Mr. William Moriarty, the President and CEO of UTAM, has met with members of the Committee from time to time to discuss various issues.

In January 2014, Mr. Moriarty invited the Chair and Vice-Chair of the Committee, and the CFO, to attend a meeting with representatives of the Carbon Disclosure Group. As a result of this meeting, in February 2014, the Chair proposed that the University

consider becoming a signatory to the CDP.

In April 2014, the Committee reviewed the draft *UTAM Statement on Responsible Investment*, and recommended changes, some of which were reflected in a revised draft.

5. Summary of Past Activities

Since its establishment, the Committee has been involved in a number of initiatives. Details are available in the minutes of Committee meetings and the Annual Reports on the Committee website <http://ric.utoronto.ca/>.

The triennial review of the Committee, as required by its *Terms of Reference*, was last conducted in June 2012. The Review Committee recommended to the Business Board that the Responsible Investing Committee continue its work for another three years.

In 2013-2014, the RIC explored the possibility of the University of Toronto becoming a signatory to the Carbon Disclosure Project (CDP) and prepared a report entitled *PRI & CDP Feasibility Report: Our Next Steps on Engaging Shareholder Coalitions*.

In June 2014, the RIC concluded that, given the operational intensity of compliance with reporting obligations of UN PRI signatories and the resulting burden on UTAM, and that the direction of the UN PRI was under review both internally and in the wider signatory community, a full and comprehensive review of PRI signatory implications by the RIC was deferred until 2015-16.

6. 2014 – 2015 Activities

This section covers activities from September 1, 2014, to September 1, 2015.

The year 2014-15 was a transitional year for the Committee. Three long-serving members stepped down in September 2014 after serving maximum 5-year terms, and two of the 2014-15 student members withdrew from the Committee in December 2014 due to other commitments.

Professor Diamond joined the Committee in February 2015. Three student members - Mr. Christopher Campbell-Durufié, Mr. Nathan Lemphers and Mr. Eric Rosset - joined the Committee in June 2015 and have assumed the roles of Co-Chairs and Vice Chair for 2015 -2016. One teaching staff position remained to be filled at the time of adoption of this report.

During 2014-15, the Carbon Disclosure Project Subcommittee continued its work. The Mandate of the Proxy Voting Subcommittee was reviewed and continues to be under consideration. The Outreach and Communication Subcommittee updated the Committee website, and explored ways to communicate the activities of the Committee to the University of Toronto community.

7. 2015-2016

The 2015 – 2016 membership of the committee is:

Mr. Christopher Campbell-Durufflé (student, Co-Chair)

Mr. Nathan Lemphers (student, Co-Chair)

Mr. Eric Rosset (student, Vice-Chair)

Ms Luccianna Ciccioppo (non-teaching staff, Outreach and Communication Subcommittee)

Professor Miriam Diamond (teaching staff)

Ms Barbara Hendrickson (alumna, Proxy Voting Subcommittee)

Ms Nisha Kumari (alumna, Carbon Disclosure Project Subcommittee)

Vacant (teaching staff)

Ms Lisa Becker, Director, Operational Due Diligence & Chief Compliance Officer, UTAM (CFO's designate)

Ms Sheila Brown, Chief Financial Officer, University of Toronto, *ex officio*

Ms Cristina Oke, Recording Secretary

Acknowledgements

The Committee would like to thank Ms Hendrickson, Ms Kumari, Ms Liao, and Professor Diamond who volunteered during 2014-2015, as well as Ms Becker, Ms Brown, Ms Oke, and Mr. Moriarty, for their help in smoothing the transition to 2015 - 2016.