

UNIVERSITY OF TORONTO  
THE GOVERNING COUNCIL  
**REPORT NUMBER 25  
SPECIAL MEETING  
OF THE PENSION COMMITTEE**

**June 24, 2016**

To the Governing Council,  
University of Toronto.

Your Committee reports that it held a special meeting on Friday, June 24, 2016 at 12:00 p.m. in the President's Boardroom (Room 132), Simcoe Hall, with the following members present:

Ms Claire Kennedy, In the Chair  
Mr. Alex McKinnon, Vice-Chair\*  
Professor Meric Gertler, President (ex officio)  
Mr. Harvey Botting\*  
Mr. David Bowden\*  
Ms Colleen Burke  
Professor Ettore Vincenzo Damiano  
Professor Paul Downes  
Professor Jennifer Jenkins  
Mr. Mark Krembil\*  
Mr. Brian D. Lawson\*  
Ms Leanne MacMillan  
Ms Kim McLean\*  
Dr. Gary P. Mooney\*  
Mr. John Paul Morgan\*  
Professor Emeritus Arthur Rubinoff  
Mr. Andrew Szende  
Mr. Bruce Winter\*

*\*Participated by Teleconference*

**Non-Voting Assessors:**

Ms Sheila Brown, Chief Financial Officer  
Professor Angela Hildyard, Vice-President, Human Resources and Equity  
Professor Scott Mabury, Vice-President, University Operations

**Secretariat:**

Mr. Patrick McNeill, Acting Secretary  
  
Ms Sheree Drummond, Secretary of the Governing Council  
Mr. David Walders, Assistant Secretary of the Governing Council  
Mr. Anwar Kazimi, Deputy Secretary of the Governing Council

**Regrets:**

Mr. Jeff Collins  
Ms Janet L. Ecker  
Dr. Andreas Motsch

**In Attendance:**

Ms Elizabeth Brown, Hicks Morley  
Mr. Steve Moate, Senior Legal Counsel, University of Toronto  
Mr. Allan Shapira, Hewitt Associates LLC  
Mr. Daren Smith, Managing Director, Manager Selection & Portfolio Construction, University of Toronto Asset Management Corporation (UTAM)  
Mr. John Switzer, Chair, UTAM Board and Acting President and CEO, UTAM

The Chair provided introductory remarks and welcomed members and guests.

The Chair stated that the purpose of the Special Meeting was to reconsider Item No. 2 on the June 8, 2016 agenda of the Pension Committee regarding the *Pension Fund Master Trust Statement of Investment Policies and Procedures* (SIPP). The Chair reminded members that the motion to approve the SIPP at the June 8, 2016 Pension Committee meeting had not been carried.

The Chair advised that since the June 8<sup>th</sup> meeting, the administration had undertaken to consider feedback from members which had resulted in revisions to the original SIPP document.

At the request of the Chair, Ms Brown briefly summarized the key revisions reviewed at the meeting of June 8<sup>th</sup> (other than ESG factors) which had included the following: merger of the OISE Pension Plan into the University Pension Plan (RPP); minor changes to the asset allocations and allowable range of portfolio weights in the Reference Portfolio; a slight increase in the Active Risk limit and the introduction of a “traffic light” risk framework; and more detail regarding portfolio diversification, including an updated asset strategies table.

The Chair made reference to the additional revision to the “*Responsible Investment*” section of the SIPP regarding Environmental, Social and Governance (ESG) factors.

## **1. Motion to Reconsider**

The Chair directed members to the Secretary’s note on the agenda which described the requirements to reconsider an item under *Section 33(e) of By-Law Number 2*.

On motion duly moved, seconded, and carried by a two-thirds majority of the voting members present

YOUR COMMITTEE APPROVED

THAT Item No. 2 on the June 8, 2016 agenda of the Pension Committee regarding the *Pension Fund Master Trust Statement of Investment Policies and Procedures* be reconsidered.

## **2. Pension Fund Master Trust Statement of Investment Policies and Procedures (SIPP)**

The Chair stated that the *Pension Fund Master Trust Statement of Investment Policies and Procedures* (SIPP) must be reviewed and confirmed annually in accordance with pension regulation and that it included the return objectives, normal risk tolerance, asset allocation, benchmarks for the evaluation of performance, and other elements.

In response to members' questions and comments, Ms Brown and the Chair reported that the revisions to the language in the "*Responsible Investment*" Section were intended to address the concerns that had been raised in the June 8, 2016 meeting, while preserving the Committee's ongoing fiduciary obligation.

In response to a question regarding examples of what investments would not be considered "*relevant and material*"; Ms Brown stated that one such example was investments that were expected to be held for only a short period of time.

Acknowledging the complexity of the process, Ms Brown indicated that it would take time to fully integrate ESG factors into the investment decision making process. But she added that it was the administration's objective to see ESG factors integrated into the investment decision making process, eventually, for both direct and indirect investments, including pooled fund investments.

The Chair stated that it was important to note, in view of the changing landscape and availability of data and metrics, that there would be an annual report presented to the Committee by UTAM outlining progress achieved in meeting the ESG related objectives. It was also noted that as part of the revised *Section* the "annual report requirement" had been elevated from a footnote to the body of the *Section*.

Mr. Daren Smith clarified that UTAM would be working directly with the University and with the new Investment Committee in defining "*relevant and material*" and with respect to implementation generally.

The President acknowledged with gratitude UTFA's input into the proposed changes that were reflected in the revised *Section*. He underscored the University's commitment in this regard.

Members commended the administration for the relevant changes to the SIPP.

A member inquired about the option to amend the motion and/or the content of the SIPP. At the request of the Chair, the Committee took a short recess. The Committee reconvened and the Chair made reference to Section 9.4 of the Pension Committee's *Terms of Reference* which addressed amendments to proposals developed by the assessors and related motions.

The Committee proceeded to consider the motion contained in the agenda.

On motion duly moved, seconded, and carried

YOUR COMMITTEE APPROVED

THE *Pension Fund Master Trust Statement of Investment Policies and Procedures*, dated June 24, 2016 (Revised June 24, 2016) attached as *Appendix A*, replacing the *Statement of Investment Policies and Procedures*, attached as *Appendix D*, which had been approved by the Pension Committee on June 1, 2015.

**3. Reports of the Assessors**

There were no reports.

The Chair thanked the Committee members and the assessors for attending the Special Meeting.

The meeting adjourned at 12:50 p.m.

\_\_\_\_\_  
Acting Committee Secretary

\_\_\_\_\_  
Chair

June 27, 2016