

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

**REPORT NUMBER 29 OF THE PENSION COMMITTEE**

**May 25, 2017**

To the Governing Council,  
University of Toronto.

Your Committee reports that it held a meeting on Thursday, May 25, 2017 at 4:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Mr. Alex D. McKinnon, (Chair)  
Mr. Mark Krembil (Vice-Chair)  
Professor Meric Gertler, President  
Mr. Harvey Botting  
Mr. David Bowden  
Ms Colleen Burke  
Professor Ettore Vincenzo Damiano  
Professor Paul Downes  
Ms Janet L. Ecker  
Professor Jennifer Jenkins  
Ms Claire M.C. Kennedy\*  
Mr. Brian D. Lawson  
Ms Leanne MacMillan  
Ms Kim McLean  
Mr. John Paul Morgan\*

Dr. Andreas Motsch  
Professor Emeritus Arthur G. Rubinoff  
Mr. Bruce Winter  
Mr. John Switzer\*  
Mr. Andrew Szende

**Non-Voting Assessors:**

Professor Kelly Hannah-Moffat, Vice-President,  
Human Resources and Equity  
Professor Scott Mabury, Vice-President,  
University Operations  
Ms Sheila Brown, Chief Financial Officer

**Secretariat:**

Mr. Patrick McNeill, Committee Secretary

*\* Joined the meeting via conference call*

**Regrets:**

Mr. Brian K. Johnston

**In Attendance:**

Professor Cynthia Messenger, President, University of Toronto Faculty Association (UTFA)  
Dr. Pierre Piché, Controller and Director of Financial Services  
Mr. Allan Shapira, Plan Actuary, Aon Hewitt  
Mr. Daren Smith, President and Chief Investment Officer, University of Toronto Asset Management Corporation (UTAM)

The Chair welcomed members and guests. He acknowledged the presence of President Gertler; and Professor Cynthia Messenger, President, UTFA, who attended as an observer.

**1. UTAM Responsible Investing Report**

The Chair reminded members that the Committee had the opportunity to provide feedback on the draft *UTAM Responsible Investing Report* at its last meeting. The final document had been presented to Governing Council on May 18, 2017.

Ms Brown extended thanks to Mr. Smith on UTAM's inaugural report which would be presented annually to the Committee on a go-forward basis.

As part of an improved communications plan, Mr. Smith reported that UTAM's website had been updated; a separate category on "responsible investing" had been created to provide more concise and plain language to describe UTAM's initiatives and commitments.

Mr. Smith presented highlights of the Report:

- as part of being a responsible investor, material Environmental, Social and Governance (ESG) factors were considered as part of the investment decision-making process along with other material factors;
- UTAM became a signatory to the United Nations-supported Principles for Responsible Investment (PRI);
- implemented a system that allowed UTAM to identify and evaluate ESG risks for equity securities held by its equity managers;
- an internal responsible investing committee had been established to oversee the implementation of ESG integration and to provide strategic direction for UTAM's responsible investing efforts;
- engaged Institutional Shareholder Services (ISS) for proxy voting services and adopted its Sustainability policy and guidelines, where possible.

Mr. Smith commented that he believed UTAM had achieved a great deal in a short period and that it was committed to enhancing its processes as new information, metrics, data, and best practices emerged. UTAM intended to sign the Montréal Carbon Pledge in 2017 and would continue to seek out other organizations that would be beneficial to join or align with. He further noted that it would be a long-term journey and looked forward to sharing UTAM's progress in future Responsible Investing reports.

Members commended the administration and UTAM for a good start in reporting on responsible investing. In response to comments and questions, Mr. Smith noted the following:

- UTAM expected its managers to incorporate all material ESG factors that were relevant to their strategy and investment process;
- UTAM did not just rely on what managers said they were doing with respect to ESG factors; in addition to asking managers a lot of ESG-related questions, UTAM would also, where possible, review individual positions as part of its assessment of the manager's capabilities with respect to ESG integration;
- the application of ESG factors was more advanced on the public equity side; hedge fund strategies were more challenging;
- UTAM welcomed suggestions by members where reporting could be improved.

President Gertler congratulated Mr. Smith and his team on an impressive report and an excellent start. UTAM had set a high bar; in his view they had met and exceeded expectations. The President stated that the adoption of an ESG framework in considering both direct and indirect investments demonstrated a fundamental commitment by the University to responsible investing.

The Committee received the *UTAM Responsible Investing Report, 2016* for information. The President departed the meeting.

**2. Pension Fund Master Trust Statement of Investment Policies and Procedures (SIP&P)**

Ms Brown stated that the SIP&P included the return objectives, risk tolerance, asset allocation, benchmarks for the evaluation of performance, and other elements required by regulation. The Pension Committee had approved the current SIP&P at its meeting of June 24, 2016. It must be reviewed and confirmed annually in accordance with pension regulation.

On motion duly moved, seconded and carried

IT WAS RESOLVED

THAT the Pension Committee approve the Pension Fund Master Trust Statement of Investment Policies and Procedures dated May 25, 2017, attached as Appendix A, replacing the Statement of Investment Policies and Procedures, attached as Appendix C, which had been approved by the Pension Committee on June 24, 2016.

**3. Report of the Previous Meeting: Report Number 28, March 21, 2017**

On motion duly made, seconded and carried

IT WAS RESOLVED

THAT the report of the previous meeting be approved.

**4. Business Arising from the Report of the Previous Meeting**

There was no business arising from the report of the previous meeting.

**5. Date of Next Meeting: September 18, 2017 at 12:00 p.m.**

**6. Reports of the Assessors**

There were no reports of the Assessors.

**7. Other Business**

There were no items of other Business.

*Pursuant to section 33 of By-Law Number 2,  
consideration of item 8 took place in camera*

**The Committee Moved *In Camera***

**8. Update: Government Pension Initiatives and Jointly Sponsored Pension Plan Initiatives**

Ms. Brown and Mr. Shapira provided an oral update on the multi-employer Jointly Sponsored Pension Plan (JSPP) discussions.

**The Committee returned to closed session**

The Chair thanked the Committee members and the assessors for their commitment and contributions during the year.

The meeting adjourned at 7:05 p.m.

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Committee Secretary

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Chair

May 31, 2017