



**Policy Title: Responsible Investing Policy**

**Date Established: TBD**

**Office with Administrative Responsibility: Vice-President, Finance & Operations**

**Approver:**

**Revision Date(s): n/a**

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### **Purpose**

Responsible investing is a part of an asset owner's strategy and practice to incorporate Environmental, Social and Governance ("ESG") practices into investment analysis and decision making. The University of Windsor ("University") believes that ESG factors can influence the long-term performance of investments and need to be considered when assessing economic value. Active ownership is another responsible investment practice taken by asset owners.

Through this policy, the University commits to considering ESG issues when making investment decisions as part of the University's fiduciary responsibilities to optimize investment returns.

The purpose of this policy is to set out the responsible investment framework for the University in accordance with guidance from the United Nations' Principles for Responsible Investing ("PRI"). As such, the Responsible Investing (RI) Policy:

- i) Lists the six principles of the United Nations' Principles for Responsible Investment (PRI) and the actions that will be taken by the University
- ii) Outlines the University's policies and approaches to ESG issues
- iii) Provides procedures on reporting and review processes
- iv) Offers transparency to beneficiaries and stakeholders
- v) Creates a mechanism to monitor the University's responsible investment capabilities

### **Application and Scope**

This document outlines the University's RI Policy. This policy was created in response to the Board of Governors decision to become a United Nations PRI signatory in 2020.

The RI Policy applies to any University investment portfolio where the RI policy is specifically referenced in the Fund's Statement of Investment Policies and Procedures ("SIPP").

### **Exceptions to Policy**

This policy is consistent with the SIPP in which it is referenced. If this policy is in conflict with either SIPP, the latter will take precedence.

## Definitions

The definitions below are specific to the development and maintenance of the RI Policy.

1. The United Nations PRI is an investor led initiative that works to promote the adoption of six Principles. As of January 2020, the PRI has over 3,000 signatories.
2. The University embraces the United Nations PRI's definition of responsible investing as a strategy and practice to incorporate environmental, social and governance factors into investment decisions and active ownership.<sup>1</sup>
3. ESG investing is an approach that integrates an organization or individual's ethical values and societal concerns in order to better manage risk and generate sustainable long-term returns (see Appendix 1 for ESG factors).
4. Active ownership involves the use of an investor's rights and position of ownership to influence the activities and behaviors of investee companies such as engagement and voting for public equities.

## Policy Statement

### A. PRI Principles

As a signatory of the United Nations PRI, the University has adopted and will implement six Principles. See table 1 below for a list of the six Principles.

### B. ESG Policies

The incorporation of ESG factors in investment decisions is primarily done by the University's investment managers. Appendix 1 contains a list of ESG factors that are considered important by the University and their stakeholders.

### C. Active Ownership

The University is an active owner and therefore, its actions may include, but are not limited to:

- a) Proxy voting delegated to investment managers
- b) Direct engagement with company by an investment manager
- c) Seeking transparency on ESG issues by investee companies and investment managers
- d) Reviewing ESG disclosures for investee companies and investment managers

### D. Investment Managers

A component of the University's evaluation of investment managers is focused on how effectively the managers incorporate ESG policies and active ownership into their responsible investment framework. The following are the minimum requirements for investment managers (except those investment managers specified by the donor) to adhere to the University RI policy:

- i) Adequate and timely ESG disclosure and reporting.

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<sup>1</sup> United Nations Principles for Responsible Investment 2020, *What is responsible investment*, viewed July 28<sup>th</sup>, 2020, <<https://www.unpri.org/pri/an-introduction-to-responsible-investment/what-is-responsible-investment>>.

- ii) Signatory and adherence to the United Nations PRI or own RI Policy. This policy should clearly lay out ESG criteria for investment decision making and analysis and active ownership practices. The University will encourage Investment Managers to become a PRI signatory if they are not already.

## Policy Interpretation

### A. PRI Principles

Guided by the six United Nations PRI principles, the University undertakes, where relevant, the following non-exhaustive actions, created based on our expertise and future goals.

**Table 1: Principles and Actions**

PRI Principles <sup>2</sup>	University Actions
1. We will incorporate ESG issues into investment analysis decision-making processes	<ul style="list-style-type: none"> <li>• Develop and implement a reporting framework for ESG rating review and evaluation, and incorporate assessment of ESG considerations into our manager monitoring process</li> <li>• Assess the capabilities and actions of investment managers to incorporate ESG issues</li> <li>• Provide and promote ESG training for internal investment staff</li> </ul>
2. We will be active owners and incorporate ESG issues into our ownership policies and practices	<ul style="list-style-type: none"> <li>• Exercise voting rights through external investment managers</li> <li>• Encourage managers to adopt voting policies that integrate ESG considerations</li> <li>• Ask investment managers to undertake and report on ESG-related engagement</li> </ul>
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest	<ul style="list-style-type: none"> <li>• Ask investment managers to report on ESG issues in the portfolio</li> </ul>
4. We will promote acceptance and implementation of the Principles which we invest	<ul style="list-style-type: none"> <li>• Incorporate assessment of ESG capabilities into our manager selection process</li> <li>• Select managers who are signatories of the PRI</li> <li>• Communicate ESG expectations to investment service providers</li> </ul>
5. We will work together to enhance our effectiveness in implementing the Principles	<ul style="list-style-type: none"> <li>• Engage in the PRI network as a source of learning and collaboration</li> </ul>
6. We will each report on our activities and progress towards implementing the Principles	<ul style="list-style-type: none"> <li>• Disclose to stakeholders how responsible investing is integrated within investment practices</li> <li>• Report to the PRI annually</li> </ul>

<sup>2</sup> United Nations Principles for Responsible Investment, 2020, *What are the Principles for Responsible Investment*, viewed on July 28<sup>th</sup>, 2020, <<https://www.unpri.org/pri/an-introduction-to-responsible-investment/what-are-the-principles-for-responsible-investment?adredir=1>>.

## **Roles and Responsibilities**

The Investment Committee of the Board of Governors is responsible for monitoring the administration of this policy to ensure compliance.

## **Monitoring and Compliance**

This policy is subject to review at least annually.

## **Appendix 1: ESG Factors**

**Environmental:** Factors relating to a company's interactions with the physical environment and sustainability. These include but are not limited to climate change, greenhouse gas emissions, biodiversity loss, resource depletion and pollution, the use of genetically modified organisms, waste management, change in land, water and ocean use, and ocean acidification.

**Social:** Factors relating to business practices that have an impact on the rights, well-being and interests of people and communities. These include but are not limited to human rights, labor standards in the supply chain, child, slave and bond labour, workplace health and safety, human capital management and employee relations, diversity, relations with local communities, activities in conflict zones, health and access to medicine, consumer protection and controversial weapons.

**Governance:** Factors relating to the governance of a company. These include but are not limited to board structure, composition, size, diversity, skills and independence, executive compensation, shareholder rights, stakeholder interactions, transparency, business ethics, bribery and corruption, internal controls and conflicts of interest.

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