

UNIVERSITY OF MANITOBA POLICY

Policy:	Responsible Investment
Effective Date:	March 28, 2023
Revised Date:	
Review Date:	March 28, 2033
Approving Body:	Board of Governors
Authority:	<i>The University of Manitoba Act, CCSM c U60</i>
Responsible Executive Officer:	Vice-President (Administration)
Delegate: (If applicable)	
Contact:	Director, Office of Treasury Services
Application:	Trust Investment Committee; External Investment Managers; External Investment Consultant; University staff responsible for the administration of the University's Investments

Part I Reason for Policy

- 1.1 To integrate the principles of Responsible Investing into the University's investment decision making.
- 1.2 To align the University's investment decisions with its commitments:
 - a) to consider social and environmental issues to advance sustainability and climate action
 - b) to advance reconciliation by respecting and promoting the rights of Indigenous peoples
- 1.3 The University of Manitoba is a signatory to:
 - c) Investing to Address Climate Change: A Charter for Canadian Universities; and
 - d) Race to Zero for Universities and Colleges: A Global Initiative for a Zero Carbon World.

- 1.4 The University has a fiduciary responsibility to ensure the investment of University funds is based on prudent principles. The University must conduct investing activities with due care, skill, and diligence. This fiduciary duty includes incorporating ESG Factors into University investment practices.

Part II Policy Content

Definitions

- 2.1 The following terms have the following defined meanings for the purpose of this Policy:
- (a) “Active Ownership” means the practice of actively engaging with management of companies in which the University has influence through direct or indirect asset ownership to improve corporate ESG performance and behaviour;
 - (b) “Assorted Investments” means investments administered by Chief Financial Officer of the University and Office of Treasury Services, which includes the Specific and Capital Trust Investments, Operating Investments, Staff Benefit Investments, and Mineral Rights;
 - (c) "Board" means the Board of Governors of the University;
 - (d) “Direct Investments” means assets under the University’s control such as securities held in segregated accounts with Investment Managers;
 - (e) “Divestment” or “Divest” means selling off assets or investments;
 - (f) “Due Diligence” is an investigation of a potential investment to avoid and address involvement with unfavourable impacts on the environment or society;
 - (g) “Endowment Fund” means the University Investment Trust;
 - (h) “Environmental Factors” mean those factors related to a company’s overall impact on the environment, including but not limited to, greenhouse gas emissions, energy use, water use, production of waste, and environmental compliance;
 - (i) “ESG Factors” means Environmental Factors, Social Factors, and Governance Factors;
 - (j) “Fossil Fuel” means oil, natural gas, or coal;
 - (k) “Fossil Fuel Supply Companies” means companies whose primary business is the exploration, extraction, and/or refining of a Fossil Fuel;

- (l) “Governance Factors” means a company’s management and control, including but not limited to, its leadership, decision-making processes, and accountability;
- (m) “Impact Investing” means investing in companies or funds that balance seeking positive financial returns while actively advancing positive social and environmental change;
- (n) “Indirect Investments” means assets held in pooled funds and commingled investments where the University does not have control at the individual security level;
- (o) “Investing to Address Climate Change: A Charter for Canadian Universities”: A comprehensive framework for how Canadian universities can leverage their capital to drive climate impact and holistically evaluate performance.
- (p) “Investment Consultant” means an external organization responsible for providing advice and education with regards to investment guidelines, asset allocation, and Investment Managers;
- (q) “Investment Manager” means an external organization responsible for managing the University’s investments;
- (r) “Investment Policy Statement” or “IPS” is the document establishing policies for the administration and investment of assets of the Endowment Fund;
- (s) “Investor Coalition” means a network of organizations that use their collective power as investors to promote and influence corporate behaviour with the goal of improving a company’s ESG Factors;
- (t) “Mineral Rights” means ownership of mineral rights in properties that are available for lease to Fossil Fuel Supply Companies;
- (u) “Pension Plan” means a capital accumulation fund which provides retirement benefits for University staff and retirees;
- (v) “Race to Zero”: a UN-backed global campaign to mobilize companies, cities, regions, financial and educational institutions to take decisive action on climate change to deliver a healthy, resilient and zero carbon future.
- (w) “Responsible Investing” includes, but is not limited to, integration of ESG Factors in investment decisions, the practice of Active Ownership, Impact Investing, and Divestment, as more particularly outlined below;
- (x) “Social Factors” means a company’s impact on society, including its treatment of employees, its relationships with customers, suppliers, and partners, its impact on the communities in which it operates and its impact on Indigenous rights and reconciliation;

- (y) “Trust Investment Committee” or “TIC” is an advisory committee to the Board that makes recommendations to the Board on all matters related to the investment and distribution of the assets of the Endowment Fund;
- (z) “UNDRIP Violation” means a violation of the UN Declaration on the Rights of Indigenous Peoples of Canada; and
- (aa) “University” means The University of Manitoba.

Application and Scope of this Policy

- 2.2 This Policy applies to the Endowment Fund and Assorted Investments managed by the University. For greater certainty, this Policy does not apply to separate entities, such as the Pension Plan.

Principles Guiding Responsible Investing at the University

- 2.3 The University recognizes its responsibility as an investor is not only to assess and respond to material risks arising from ESG Factors, but also to be aware of, and act to mitigate or prevent social and environmental harms arising from its investment practices. The University is therefore committed to incorporating Responsible Investing into its investment related decisions, as more particularly outlined below.

Active Ownership

- 2.4 The University will exercise Active Ownership, through actions such as improving proxy voting delegated to external Investment Managers; undertaking direct engagement with external Investment Managers and companies where practical and effective; and joining coalition(s) with investors with similar fiduciary responsibilities.

Impact Investing

- 2.5 The University, through the TIC, will commit to making meaningful and prudent allocations to Endowment Fund investments that will advance positive social and environmental changes while still seeking financial returns.

Supporting the Rights of Indigenous Peoples

- 2.6 The University is committed to reconciliation by, *inter alia*, respecting and promoting the rights of Indigenous peoples.
- 2.7 The University will develop criteria outlining business practices that the University considers to be an UNDRIP Violation.

- 2.8 The University will establish steps to address an UNDRIP Violation, including engagement with external Investment Managers, Investor Coalitions, and/or companies with the goal of changing the business practices of a company violating the rights of Indigenous peoples.
- 2.9 If engagement fails to change the business practices, the University will take steps to Divest from Direct Investments and Indirect Investments in a company violating the rights of Indigenous peoples.

Divestment from Fossil Fuel Supply Companies and Mineral Rights

- 2.10 The University will not make any new Direct Investments in Fossil Fuel Supply Companies or Mineral Rights.
- 2.11 The University commits to Divest of:
- (a) Direct Investments in Fossil Fuel Supply Companies by the end of 2024;
 - (b) Mineral Rights properties on which there is active extraction of Fossil Fuels by the end of 2024; and
 - (c) Indirect Investments in Fossil Fuel Supply Companies by the end of 2030.

Due Diligence

- 2.12 The University will undertake reasonable Due Diligence to ensure that its Endowment Fund and Assorted Investments conform to this Policy.

Measuring and Reporting on Carbon Emissions

- 2.13 The University will measure the carbon emissions of its investments in portfolios where it can be measured and implement strategies to transition to low carbon investment portfolios.

Responsibilities and Reporting Obligations

- 2.14 The TIC is responsible for:
- (a) Reviewing the IPS at least annually to ensure it aligns with this Policy and the University's commitment to Responsible Investing;
 - (b) reporting to the Board with respect to Responsible Investing as it pertains to the Endowment Fund; and
 - (c) ensuring the University's Investment Managers and Investment Consultants are aware of and comply with this Policy and the IPS.
- 2.15 The Director, Office of Treasury Services, is responsible for:

- (a) Reporting to the Board with respect to Responsible Investing as it pertains to the Assorted Investments;
- (b) Creating educational materials based on the development and implementation of this Policy; and
- (c) Communicating with University stakeholders with respect to the adoption, progress, and success of this Policy.

2.16 The Board is responsible for:

- (a) Appointing the members of the TIC; and
- (b) approving the IPS, and any revisions thereto.

Part III Accountability

- 3.1 The Office of Legal Counsel is responsible for advising the Vice-President (Administration) that a formal review of this Policy is required.
- 3.2 The Vice-President (Administration) is responsible for the implementation, administration, and review of this Policy.
- 3.3 Investment Managers, Investment Consultants, and all University staff responsible for the University's investments are responsible for complying with this Policy.

Part IV Authority to Approve Procedures

- 4.1 The President or Vice-President (Administration) may approve Procedures, if applicable, which are secondary to and comply with this Policy.

Part V Review

- 5.1 Governing Document reviews will be conducted every ten (10) years. The next scheduled review date for this Policy is March 28, 2033.
- 5.2 In the interim, this Policy may be revised or repealed if:
 - (a) the Vice-President (Administration) or the Approving Body deems it necessary or desirable to do so;
 - (b) the Policy is no longer legislatively or statutorily compliant; and/or

- (c) the Policy is now in conflict with another Governing Document.
- 5.3 If this Policy is revised or repealed all Secondary Documents, if applicable, will be reviewed as soon as possible in order that they:
- (a) comply with the revised Policy; or
 - (b) are in turn repealed.

Part VI
Effect on Previous Statements

- 6.1 This Policy supersedes all of the following:
- (a) all previous Board of Governors/Senate Governing Documents on the subject matter contained herein; and
 - (b) all previous Administration Governing Documents on the subject matter contained herein.

Part VII
Cross References

- 7.1 This Policy should be cross referenced to the following relevant Governing Documents, legislation and/or forms:
- (a) Sustainability Policy; and
 - (b) Investment Policy Statement.