

UNIVERSITY OF VICTORIA FOUNDATION

RESPONSIBLE INVESTMENT POLICY

Approval Date November 2, 2021

Last Amendment

Authority UVic Foundation

UNIVERSITY OF VICTORIA FOUNDATION RESPONSIBLE INVESTMENT POLICY

CONTENTS

1. INTRODUCTION

[2.12 Responsibilities of the Foundation Treasurer](#)..... 9.....

[2.13 Criteria for Amending the RI Policy](#)..... 9.....

[2.14 Transparency](#)..... 9.....

1. INTRODUCTION

1.1. Purpose of the Responsible Investment Policy

The University of Victoria Foundation (“the Foundation”) manages an investment portfolio (“the Portfolio”) to generate funds for the University of Victoria to provide scholarships, bursaries, and to use for other university purposes. The Portfolio is managed by external investment managers (“investment managers”) appointed by the Foundation Board (“the Board”), in accordance with the prudent investment strategy outlined in the Statement of Investment Objectives and Guidelines (“SIOG”).

The Foundation is committed to the integration of environmental, social and governance factors (ESG) into its investment decision making and the critical need to address climate change across society and in every university domain (research, education, community engagement, and campus operations). Its goal is to be a leader in ESG, including responding to climate change.

The Board has adopted this Responsible Investment Policy (“the RI Policy”) for the following purposes:

- to support the Foundation’s ambition to be a leader in ESG integration
- to describe the Board’s implementation of its responsibility to consider how Environmental, Social and Governance (“ESG”) issues are incorporated into the investment decision making process in evaluating and monitoring investment managers, as stated in the SIOG;
- to describe how the Foundation fulfils its commitments as a signatory to the Principles for Responsible Investment (“PRI”); and
- to support ongoing communication between the Board and the Foundation Treasurer, investment managers, investment consultants, and Foundation stakeholders, including donors and beneficiaries.

1.2. Definitions

“ESG factors” are environmental, social and governance factors that can impact investment returns and risk

- **Environmental Factors:** Relate to a company’s interactions with the physical environment. These include (but are not limited to) climate change; greenhouse gas emissions; biodiversity loss; deforestation; air, water or resource depletion or pollution; waste management; change in land use; and ocean acidification.
- **Social Factors:** Relate 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; labour standards in the supply chain; child, slave and bond labour; workplace health and safety; freedom of association and freedom of expression; human capital management and employee relations; diversity; relations with local

communities (including indigenous communities); activities in conflict zones; health and access to medicine; consumer protection; and controversial weapons.

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

“Responsible investment” (“RI”) is the practice of taking ESG factors into consideration in the investment decision-making process. RI encompasses a range of approaches, including:

- “ESG integration”: the systematic integration of material ESG risks and opportunities to investment analysis, alongside traditional financial considerations, with the intention of enhancing overall portfolio risk-adjusted returns;
-

- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4:

- communicating the Foundation's ESG approach and priorities to investment managers, including through this RI Policy.

The Board may appoint investment consultants to assist in developing investment policy, measuring investment performance and enhancing dialogue with investment managers. Investment consultants are expected to assist in the implementation of this RI Policy.

2.3 ESG Integration

Investment managers are required to report quarterly to the Foundation on how proxies were voted on the Foundation's behalf, if proxy voting policies were followed, and any material deviations.

2.7 Engagement

Investment managers are required to report annually to the Foundation on their ESG engagement activities.

PRI Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

2.8 Investment Manager Participation in PRI

All investment managers are required to be PRI signatories.

PRI Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

2.9 Collaboration

Where the Board believes participation in ESG engagement with portfolio companies will add value, the Foundation may choose to engage directly, through collaboration with other investors, collaborative engagements organized by service providers, or in its own right. The Board believes that ESG engagement by a group of ~~in~~ independent investors will often have greater influence than one investor acting alone. The Foundation may also participate in investor coalitions and collaborations to enhance ESG standards and disclosure requirements.

2.10 Climate Change

The critical global issue of climate change presents profound social, economic and environmental challenges. The Foundation recognizes the vital importance to reach net zero GHG's emissions goals as soon as possible, and ~~by~~ ~~2030~~ ~~at the latest~~, inline with global efforts to limit warming to 1.5°C.

Climate

2.11 Responsibilities of the Board

The Board shall:

- establish, amend and implement the RI Policy;
- review the RI Policy at least annually and make revisions where appropriate;
- consider the RI Policy in evaluating and monitoring investment managers; and
- monitor the implementation of the RI Policy on a quarterly and annual basis.

2.12 Responsibilities of the Foundation Treasurer

The Foundation Treasurer will support the Board and engage with external consultants when necessary in the implementation of the RI Policy by:

- developing and implementing a framework for ESG incorporation in manager selection and monitoring;
- reviewing investment manager RI reporting and disclosures for consistency with the RI Policy; and
- providing quarterly and annual reporting to the Board on the implementation of the RI Policy.

2.13 Criteria for Amending the RI Policy

In considering possible amendments to the RI Policy, including proposals from stakeholders, the Board will follow an evidence-based approach. To be considered by the Board, proposals to amend the RI Policy should meet the following criteria:

- the outcome that the proposal seeks to achieve should be clearly defined;
- the outcome should be one that can be addressed effectively through RI approaches that are relevant for the Portfolio;
- evidence should be provided demonstrating that the proposal is an effective and efficient way to achieve the outcome;
- the proposal must be realistic, taking into account the resources required to implement it, the scale of the Portfolio's holdings, and the use of external investment managers;
- absence of a more effective approach; and
- the proposal must be consistent with the Board's fiduciary responsibilities.

PRI Principle 6: We will each report on our activities and progress towards implementing the Principles.

2.14 Transparency

The Board is committed to transparency on RI activities. The Foundation will provide the following disclosures:

- this RI Policy;
- the Portfolio holdings annually;
- information on the ESG policies, practices and engagement activities of the investment managers;
- the Foundation's annual PRI Transparency report;
- the Foundation's annual PRI Assessment scores;
- the Foundation's investment carbon intensity target; and
- an annual RI update within the Foundation Annual Report, including:
 - o an overview of proxy voting and engagement; and
 - o portfolio carbon measurement metrics and progress against the portfolio carbon target.