PRIVATE RI REPORT

2020

University of Toronto Asset Management Corporation (re University of Toronto Endowment)
About this report

This report is an export of the individual Signatory organisation responses to the PRI Reporting Framework during the reporting period specified above. It shows your responses to all completed indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders. The PRI will not publish this report on its website. Instead, you will be able to access the public RI Transparency report of your organisation and that of other signatories on the PRI website.

The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information.

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PRI disclaimer

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OO 01.1 Select the type that best describes your organisation or the services you provide.

- Non-corporate pension or superannuation or retirement or provident fund or plan
- Corporate pension or superannuation or retirement or provident fund or plan
- Insurance company
- Foundation
- Endowment
- Development finance institution
- Reserve - sovereign or government controlled fund
- Family office
- Other, specify

OO 01.3 Additional information. [Optional]

The University of Toronto’s Endowment Fund comprises restricted funds that must be used in accordance with purposes specified by donors or by the Governing Council of the University of Toronto. Restrictions may relate to both capital and investment income. Financial reports of the University of Toronto’s Endowment Fund are available here: https://finance.utoronto.ca/reports/endowment/

OO 02.1 Select the location of your organisation’s headquarters.

Canada

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

25

OO 02.4 Additional information. [Optional]

The University of Toronto’s Endowment Fund is managed by the University of Toronto Asset Management Corporation (UTAM) under the direction of the University. UTAM also manages the assets of the University of Toronto’s Pension Plan as well as the University’s short term working capital assets.

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04.1 Indicate the year end date for your reporting year.

31/12/2019

OO 04.2 Indicate your total AUM at the end of your reporting year.

<table>
<thead>
<tr>
<th>Currency</th>
<th>AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAD</td>
<td>3,242,768,454</td>
</tr>
<tr>
<td>USD</td>
<td>243,870,904</td>
</tr>
</tbody>
</table>

OO 05.1 Provide an approximate percentage breakdown of your AUM at the end of your reporting year using the following asset classes and investment strategies:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Internally managed (%)</th>
<th>Externally managed (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listed equity</td>
<td>0</td>
<td>25.2</td>
</tr>
<tr>
<td>Fixed income</td>
<td>0</td>
<td>16.9</td>
</tr>
<tr>
<td>Private equity</td>
<td>0</td>
<td>9.4</td>
</tr>
<tr>
<td>Property</td>
<td>0</td>
<td>1.7</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>0</td>
<td>0.1</td>
</tr>
</tbody>
</table>
### OO 06
**Mandatory**

**OO 06.1** Select how you would like to disclose your asset class mix.

- **✓** as percentage breakdown
- **○** as broad ranges

**OO 06.3** Indicate whether your organisation has any off-balance sheet assets [Optional].

- **✓** Yes
- **○** No

**OO 06.4** Provide an approximate percentage breakdown of your off-balance sheet assets.

<table>
<thead>
<tr>
<th>Internally managed (%)</th>
<th>Externally managed (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[a] Monetary assets</td>
<td></td>
</tr>
<tr>
<td>[b] Derivatives</td>
<td>34.1</td>
</tr>
<tr>
<td>[c] Cash</td>
<td></td>
</tr>
<tr>
<td>[d] Trade finance</td>
<td></td>
</tr>
<tr>
<td>[e] Other (1), specify</td>
<td></td>
</tr>
<tr>
<td>[f] Other (2), specify</td>
<td></td>
</tr>
</tbody>
</table>

**OO 06.5** Indicate whether your organisation uses fiduciary managers.

- **○** Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.
- **✓** No, we do not use fiduciary managers.

### OO 07
**Mandatory to Report, Voluntary to Disclose**

**OO 07.1** Provide to the nearest 5% the percentage breakdown of your Fixed Income AUM at the end of your reporting year, using the following categories.

<table>
<thead>
<tr>
<th>Externally managed</th>
<th>SSA</th>
<th>Corporate (financial)</th>
<th>Corporate (non-financial)</th>
<th>Securitised</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>45</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>90</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>10</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### OO 08
**Mandatory to Report, Voluntary to Disclose**

**OO 08.1** Provide a breakdown of your organisation’s externally managed assets between segregated mandates and pooled funds or investments.
<table>
<thead>
<tr>
<th>Asset class breakdown</th>
<th>Segregated mandate(s)</th>
<th>Pooled fund(s) or pooled investment(s)</th>
<th>Total of the asset class (each row adds up to 100%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Listed equity</td>
<td>✚ 0% - \○ &lt;10% - \○ 10-50% - \○ &gt;50 %</td>
<td>○ 0% - \○ &lt;10% - \○ 10-50% - \○ &gt;50 %</td>
<td>100%</td>
</tr>
<tr>
<td>(b) Fixed income - SSA</td>
<td>○ 0% - \○ &lt;10% - \○ 10-50% - \○ &gt;50 %</td>
<td>✚ 0% - \○ &lt;10% - \○ 10-50% - \○ &gt;50 %</td>
<td>100%</td>
</tr>
<tr>
<td>(c) Fixed income – Corporate (financial)</td>
<td>✚ 0% - \○ &lt;10% - \○ 10-50% - \○ &gt;50 %</td>
<td>○ 0% - \○ &lt;10% - \○ 10-50% - \○ &gt;50 %</td>
<td>100%</td>
</tr>
<tr>
<td>(d) Fixed income – Corporate (non-financial)</td>
<td>✚ 0% - \○ &lt;10% - \○ 10-50% - \○ &gt;50 %</td>
<td>○ 0% - \○ &lt;10% - \○ 10-50% - \○ &gt;50 %</td>
<td>100%</td>
</tr>
<tr>
<td>(e) Fixed income – Securitised</td>
<td>✚ 0% - \○ &lt;10% - \○ 10-50% - \○ &gt;50 %</td>
<td>○ 0% - \○ &lt;10% - \○ 10-50% - \○ &gt;50 %</td>
<td>100%</td>
</tr>
<tr>
<td>(f) Private equity</td>
<td>✚ 0% - \○ &lt;10% - \○ 10-50% - \○ &gt;50 %</td>
<td>○ 0% - \○ &lt;10% - \○ 10-50% - \○ &gt;50 %</td>
<td>100%</td>
</tr>
<tr>
<td>(g) Property</td>
<td>✚ 0% - \○ &lt;10% - \○ 10-50% - \○ &gt;50 %</td>
<td>○ 0% - \○ &lt;10% - \○ 10-50% - \○ &gt;50 %</td>
<td>100%</td>
</tr>
<tr>
<td>(h) Infrastructure</td>
<td>✚ 0% - \○ &lt;10% - \○ 10-50% - \○ &gt;50 %</td>
<td>○ 0% - \○ &lt;10% - \○ 10-50% - \○ &gt;50 %</td>
<td>100%</td>
</tr>
<tr>
<td>(j) Hedge funds</td>
<td>✚ 0% - \○ &lt;10% - \○ 10-50% - \○ &gt;50 %</td>
<td>○ 0% - \○ &lt;10% - \○ 10-50% - \○ &gt;50 %</td>
<td>100%</td>
</tr>
</tbody>
</table>

OO 09.09 Indicate the breakdown of your organisation’s AUM by market.

93

- Developed Markets: 7
- Emerging Markets: 0
- Frontier Markets: 0
- Other Markets: 0

TRANSPARENCY
Select the active ownership activities your organisation implemented in the reporting year.

**Listed equity – engagement**
- ✔️ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☐ We require our external managers to engage with companies on ESG factors on our behalf.
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors.

**Listed equity – voting**
- ✔️ We cast our (proxy) votes directly or via dedicated voting providers.
- ✖️ We require our external managers to vote on our behalf.
- ☐ We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf.

**Fixed income SSA – engagement**
- ☐ We engage with SSA bond issuers on ESG factors via our staff, collaborations or service providers.
- ☐ We require our external managers to engage with SSA bond issuers on ESG factors on our behalf.
- ✔️ We do not engage directly and do not require external managers to engage with SSA bond issuers on ESG factors. Please explain why you do not.

Please explain why you do not engage directly and do not require external managers to engage with companies on ESG factors.

Concerning Fixed Income SSA - engagement, we do not engage directly and do not require external managers to engage with companies on ESG factors as exposure is primarily to Canadian government and provincial issuers. Our exposure to Fixed Income SSA is passive and tracks our benchmark. However, we advocate with governments and provinces on ESG issues and particularly on climate.

**Fixed income Corporate (financial) – engagement**
- ✔️ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☐ We require our external managers to engage with companies on ESG factors on our behalf.
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors.

**Fixed income Corporate (non-financial) – engagement**
- ✔️ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☐ We require our external managers to engage with companies on ESG factors on our behalf.
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors.

**Fixed income Corporate (securitised) – engagement**
- ☐ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☐ We require our external managers to engage with companies on ESG factors on our behalf.
- ✔️ We do not engage directly and do not require external managers to engage with companies on ESG factors.

Please explain why you do not engage directly and do not require external managers to engage with companies on ESG factors.

Concerning Fixed Income Corporate (securitized) - engagement, we do not engage directly and do not require external managers to engage with companies on ESG factors due to the relatively small exposure to this asset class as well as the difficulty of engaging when investments are in a securitized structure.

Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

**Cash**
- ✔️ We address ESG incorporation.
- ☐ We do not address ESG incorporation.

Select the externally managed assets classes in which you and/or your investment consultants address ESG incorporation in your external manager selection, appointment and/or monitoring processes.

<table>
<thead>
<tr>
<th>Asset class</th>
<th>ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Details</td>
</tr>
<tr>
<td>------------------</td>
<td>--------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Listed equity    | ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes | - We incorporate ESG into our external manager selection process  
- We incorporate ESG into our external manager appointment process  
- We incorporate ESG into our external manager monitoring process  
- We do not do ESG incorporation |
| Fixed income - SSA | ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes | - We incorporate ESG into our external manager selection process  
- We incorporate ESG into our external manager appointment process  
- We incorporate ESG into our external manager monitoring process  
- We do not do ESG incorporation |
| Fixed income - corporate (financial) | ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes | - We incorporate ESG into our external manager selection process  
- We incorporate ESG into our external manager appointment process  
- We incorporate ESG into our external manager monitoring process  
- We do not do ESG incorporation |
| Fixed income - corporate (non-financial) | ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes | - We incorporate ESG into our external manager selection process  
- We incorporate ESG into our external manager appointment process  
- We incorporate ESG into our external manager monitoring process  
- We do not do ESG incorporation |
| Fixed income - securitised | ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes | - We incorporate ESG into our external manager selection process  
- We incorporate ESG into our external manager appointment process  
- We incorporate ESG into our external manager monitoring process  
- We do not do ESG incorporation |
| Private equity    | ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes | - We incorporate ESG into our external manager selection process  
- We incorporate ESG into our external manager appointment process  
- We incorporate ESG into our external manager monitoring process  
- We do not do ESG incorporation |
| Property          | ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes | - We incorporate ESG into our external manager selection process  
- We incorporate ESG into our external manager appointment process  
- We incorporate ESG into our external manager monitoring process  
- We do not do ESG incorporation |
| Infrastructure    | ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes | - We incorporate ESG into our external manager selection process  
- We incorporate ESG into our external manager appointment process  
- We incorporate ESG into our external manager monitoring process  
- We do not do ESG incorporation |
We incorporate ESG into our external manager selection process.

- We incorporate ESG into our external manager appointment process.
- We incorporate ESG into our external manager monitoring process.
- We do not do ESG incorporation.

**Selection:**
- Discuss relevant ESG due diligence questions with managers and follow up where appropriate.
- Review the manager’s responsible investment policies.
- Review the manager’s responsible investing promotion efforts and engagement within the industry.
- Meet with staff members who are focused on responsible investing in order to assess their skills and competence.
- Discuss the current governance and management of the firm’s responsible investing activities including how ESG implementation is enforced.
- Discuss the manager’s involvement in collaborative initiatives, direct engagements or ESG-related conversations with the management teams of companies in the investment portfolio.
- Evaluate the quality of the manager’s investment policy and its reference to ESG.
- Review how the manager evaluates ESG materiality.
- Discuss the process of defining and communicating ESG incidents.
- Review the manager’s proxy voting policy and processes (in cases where UTAM would not direct voting).
- Determine whether the manager is a signatory to the PRI and/or other relevant initiatives and organizations.
- Review responsible investment reporting to clients and/or the public.
- Communicate the type of ESG reporting we expect.
- Evaluate the coverage and quality of the firm’s ESG-related research.
- Assess current strategies for incorporating ESG factors, as well as the manager’s ability to identify and manage ESG-related issues.
- Review ESG-related characteristics of the investment portfolio.
- Investigate the impact of ESG factors on specific investment decisions and, where relevant, subsequent stock and portfolio performance.
- Discuss securities in the manager’s portfolio that appear to have material ESG risks.
- Investigate the impact of ESG factors on specific investment decisions and, where relevant, subsequent stock and portfolio performance.
- Review the manager’s responsible investment reporting.
- Discuss and monitor the manager’s participation in collaborative projects with other investors.
- Review ESG-related characteristics of the investment portfolio.
- Determine whether the manager is a signatory to the PRI and/or other relevant initiatives and organizations.
- Review the manager’s proxy voting policy and processes (in cases where UTAM would not direct voting).
- Discuss the process of defining and communicating ESG incidents.
- Review how the manager evaluates ESG materiality.
- Discuss the current governance and management of the firm’s responsible investing activities including how ESG implementation is enforced.
- Review responsible investment reporting to clients and/or the public.
- Communicate the type of ESG reporting we expect.
- Evaluate the coverage and quality of the firm’s ESG-related research.
- Assess current strategies for incorporating ESG factors, as well as the manager’s ability to identify and manage ESG-related issues.
- Review ESG-related characteristics of the investment portfolio.
- Investigate the impact of ESG factors on specific investment decisions and, where relevant, subsequent stock and portfolio performance.
- Discuss securities in the manager’s portfolio that appear to have material ESG risks.
- Incorporate a review of ESG considerations in our internal manager recommendation memos, including rating the manager from an ESG perspective (as described in SAM 2.4).

**Appointment:**
- When appointing managers, we will seek to include relevant ESG considerations into the investment mandate. Where appointing a manager under an investment management agreement, we will include specific investment parameters where applicable, as well as reporting obligations. When investing in a manager’s commingled product, we will typically seek to include terms specific to disclosure and reporting in any side letter we negotiate where applicable.

**Monitoring:**
- Discuss how the manager has evolved its ESG/RI approach.
- Include responsible investment as a standard agenda item at manager update meetings.
- Where relevant, highlight examples of good practices by other managers in the area of responsible investing.
- Encourage the manager to participate in responsible investing initiatives or join organizations engaged in promoting ESG integration and responsible investing.
- Discuss and monitor the manager’s participation in collaborative projects with other investors.
- Review the manager’s responsible investment reporting.
- Meet with staff members who are focused on responsible investing to discuss current research and review any changes in the manager’s approach since the last meeting.
- Review ESG-related characteristics of the investment portfolio.
- Request details of the integration of ESG considerations in specific investment decisions.
- Discuss securities in the manager’s portfolio that appear to have material ESG risks.
- Incorporate a review of ESG considerations in our internal manager review memos, including updating the manager’s ESG score (as described in SAM 2.4).
**RI implementation via external managers**

**Indirect - Selection, Appointment and Monitoring of External Managers**

- Listed Equities
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Private Equity
- Property
- Infrastructure

**Closing module**

- Closing module

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Passive</th>
<th>Active - quantitative (quant)</th>
<th>Active - fundamental and active - other</th>
</tr>
</thead>
<tbody>
<tr>
<td>LE</td>
<td>Listed equity (LE)</td>
<td>0</td>
<td>59</td>
<td>41</td>
</tr>
<tr>
<td>SSA</td>
<td>Fixed income - SSA</td>
<td>100</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Corfin</td>
<td>Fixed income - Corporate (financial)</td>
<td>70</td>
<td>5</td>
<td>30</td>
</tr>
<tr>
<td>Cornonfin</td>
<td>Fixed income - Corporate (non-financial)</td>
<td>43</td>
<td>6</td>
<td>57</td>
</tr>
<tr>
<td>Securitised</td>
<td>Fixed income - Securitised</td>
<td>2</td>
<td>6</td>
<td>98</td>
</tr>
</tbody>
</table>
Indicate if you have an investment policy that covers your responsible investment approach.

Yes

Indicate the components/types and coverage of your policy.

<table>
<thead>
<tr>
<th>Policy components/types</th>
<th>Coverage by AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy setting out your overall approach</td>
<td>✓ Applicable policies cover all AUM</td>
</tr>
<tr>
<td>Formalised guidelines on environmental factors</td>
<td>○ Applicable policies cover a majority of AUM</td>
</tr>
<tr>
<td>Formalised guidelines on social factors</td>
<td>○ Applicable policies cover a minority of AUM</td>
</tr>
<tr>
<td>Formalised guidelines on corporate governance factors</td>
<td></td>
</tr>
<tr>
<td>Fiduciary (or equivalent) duties</td>
<td></td>
</tr>
<tr>
<td>Asset class-specific RI guidelines</td>
<td></td>
</tr>
<tr>
<td>Sector specific RI guidelines</td>
<td></td>
</tr>
<tr>
<td>Screening / exclusions policy</td>
<td></td>
</tr>
<tr>
<td>Other, specify (1)</td>
<td></td>
</tr>
<tr>
<td>Other, specify (2)</td>
<td></td>
</tr>
</tbody>
</table>

Indicate if the investment policy covers any of the following:

- Your organisation’s definition of ESG and/or responsible investment and its relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

Describe your organisation’s investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

UTAM’s purpose is to manage certain assets of, or under the administration of, the University of Toronto and we do so prudently and in accordance with our client’s objectives and constraints. As part of this process, a benchmark portfolio (aka the Reference Portfolio) has been created (see https://utam.utoronto.ca/reference-portfolio/). The Reference Portfolio serves as an objective benchmark to measure the value gained or lost by UTAM’s active management activities.

In our investment of the university’s assets, we are committed to a responsible investing approach because we believe that material ESG factors can have a significant impact on long-term investment risks and returns and is consistent with our fiduciary duty. It is, therefore, our policy to take ESG matters into account in our investment decisions, together with all other relevant and material considerations (i.e., an integration approach). We have developed comprehensive questions and activities that we undertake when selecting and monitoring investment managers. In addition, we’ve developed ways to engage with companies, to help ensure ESG-related risks are effectively managed, including to develop ESG best practices and to promote disclosure and transparency. Finally, we cast proxy votes, where possible, applying an ESG-focused policy.

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

UTAM’s active management activities.

UTAM works with the University of Toronto leadership to strengthen and formalize our shared commitment to responsible investing.

As we balance prudent risk management with our efforts to generate the return required by the university, we also take a broader view of the managers we invest with – because we believe that material environmental, social and governance (ESG) considerations can have a significant impact on investment performance. We’ve therefore incorporated ESG considerations into our investment analysis and decision-making processes as part of our long-term strategy, as well as our day-to-day management of the university’s pension, endowment and short-term working capital assets.

We define responsible investing as the incorporation of environmental, social and governance (ESG) factors into investment decision-making processes, active ownership through proxy voting and engagement – and disclosure. UTAM pursues a responsible investing approach because we believe that material ESG factors can have a significant impact on long-term investment returns. ESG considerations are part of our investment analysis and decision-making processes, particularly in our selection of investment managers. We’ve developed ways to engage with companies, both directly and with other like-minded institutional investors, to help ensure ESG-related risks are effectively managed. We cast our proxy votes, where possible, applying an ESG-focused policy. Moreover, we disclose our responsible investing activities regularly, via an annual responsible investing report (https://utam.utoronto.ca/responsible-investing-reports/) and through other updates published on our website (https://utam.utoronto.ca/news/). We believe that taking this broader perspective allows us to make better-informed decisions and ultimately results in better outcomes for our client.

The PRI framework guided us in crafting our comprehensive Responsible Investing Policy (https://utam.utoronto.ca/responsible-investing) and which applies to all assets under our management. The six Principles also underpin the deliberations of our Responsible Investing Committee, which meets regularly to consider all matters relating to the development and implementation of our responsible investing practices. Although we have generally taken an integration approach to ESG considerations, our client has directed us to exclude certain tobacco-related securities in our investment universe. We also comply with exclusions mandated under Canadian regulations (e.g. economic sanctions). These are the only exceptions to our integration approach to responsible investing.
Our Responsible Investing Policy includes the following specific activities that we undertake where relevant and material.

**PRI Principle #1:** We will incorporate ESG issues into investment analysis and decision-making processes.

**UTAM Actions**
- Assess ESG-related risks across all portfolios.
- Integrate consideration of ESG factors into our external manager selection and monitoring policies and processes, and into other relevant policies and processes.
- Support the development of ESG-related tools, metrics and analyses.
- Encourage academic and other research on ESG integration.
- Provide internal training, and encourage the pursuit of external training on ESG matters for all staff involved in investment decision-making, including our investment professionals, risk management professionals, as well as staff engaged in operational and legal due diligence.
- Endorse the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- Establish a target to decrease the carbon footprint of the Pension and Endowment investment portfolios.

**PRI Principle #2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.

**UTAM Actions**
- Adopt a proxy voting policy that takes into account ESG considerations and apply this, where possible, to all public equity segregated account mandates, as well as to public equity funds in which our client portfolios are the only investors.
- Encourage our investment managers to adopt proxy voting policies that take into account ESG considerations.
- Implement a comprehensive engagement program that includes direct engagements, collaborative engagements, and engagements conducted by a service provider.
- Encourage our investment managers to engage with companies held in their portfolios on ESG matters.
- Support initiatives that contribute to improved ESG practices, including reporting and disclosures.

**PRI Principle #3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.

**UTAM Actions**
- Discuss ESG risks in investment manager portfolios and in relation to particular securities held.
- Ask investment managers to report on ESG-related engagements with companies held in their portfolios.
- Ask investment managers to report on ESG incidents with companies held in their portfolios.
- Support initiatives promoting ESG disclosure by companies.
- Support the CDP’s disclosure campaigns for climate, forests, and water.

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

**UTAM Actions**
- Encourage investment managers to become signatories to the PRI.
- Communicate our ESG expectations to managers.
- Support the development of tools for benchmarking ESG integration.
- Support legal, regulatory, and policy developments that enable implementation of the Principles.
- Assume leadership positions in leading responsible investment organisations.
- Speak at conferences, participate in webinars, and publish articles in support of the PRI.

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

**UTAM Actions**
- Support and participate in networks and information platforms in order to share tools and pool resources.
- Address relevant emerging issues collectively with other asset owners and managers.
- Identify and support appropriate coalitions whose beliefs are aligned with the Principles.

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

**UTAM Actions**
- Disclose how ESG issues are integrated within our investment process.
- Disclose active ownership activities (e.g., voting, engagement and advocacy with policymakers).
- Communicate with stakeholders on ESG issues and the Principles.
- Report on progress and achievements relating to the Principles.
- Publish our PRI transparency and assessment reports on our website.
- Publish an annual responsible investing report with details on our responsible investing framework and activities.
- Provide reporting consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

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**SG 01 CC** | Mandatory to Report, Voluntary to Disclose | Descriptive | General
--- | --- | --- | ---
**SG 01.6 CC** | Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation’s investment time horizon. | Yes | |

**How climate change can impact the risk and value of a company**

Climate change has the potential to significantly impact the value of a company. According to the TCFD recommendations, companies are subject to two different types of climate-related risk: physical risks and transition risks.

**Physical risks** can be either:
- Acute: related to extreme weather events, such as hurricanes and wildfires, becoming more frequent and more severe; or
- Chronic: related to increasing global temperatures, such as more frequent heat waves and droughts, rising sea levels and changes in weather patterns.

**Transition risks** include Policy and legal risk, Technology risk, Market risk, and Reputation risk.

**How transition and physical climate-related risks and opportunities have been factored into our investment strategy**

Climate change is a rapidly evolving issue, and we believe that institutional investors like UTAM have an important role to play in responding to this
In order to take decisive action on climate change, we have committed to reduce the carbon intensity of the Pension and Endowment investment portfolios by 40% compared to 2017 by the end of 2030. This is an ambitious target and is in line with the national reduction target set by the Government of Canada. For the purpose of the reduction target, we are including equity and equity-like investments of the Pension and Endowment investment portfolios. We define carbon intensity as greenhouse gas (GHG) emissions (tonnes of carbon dioxide equivalent (CO2e)) per million dollars invested. Consistent with the Task Force on Climate-related Financial Disclosures (TCFD), we refer to this measure as our carbon footprint.

In order to achieve the carbon reduction target, we have already started to transition the portfolio more towards countries, sectors, and strategies with lower emissions. In addition, we expect to invest with managers who have portfolios with lower carbon emissions, work with our investment managers to develop strategies with lower carbon emissions, and invest in low carbon indexes.

We are committed to understanding and managing our investment exposure to climate-related risks and opportunities. UTAM’s commitment to analyzing and reporting on our portfolios’ carbon footprint and seeking to achieve our 40% carbon reduction target, along with our approach to integrating ESG factors into our investment decisions, proxy voting, and company engagement, are important tools to help us achieve that goal.

We will continue to encourage companies to achieve greater levels of transparency and to describe more clearly and comprehensively their approach to climate-related issues. Disclosing GHG emissions data is an important part of this process. In turn, UTAM will continue to refine and improve our own approaches to managing climate-related risks and opportunities and the approaches taken by the managers who invest on our behalf.

Describe the associated timescales linked to these risks and opportunities.

UTAM’s climate-related risks are broad and are expected to have varying degrees of impact in the management of the investment portfolios.

In the short term, we will focus primarily on assessing our exposure to the most at-risk sectors. These are defined as the sectors and/or countries that could be most impacted by changes in climate policies, resulting in regulatory risks or litigation related to climate change activities. High-emitting sectors are particularly vulnerable to these climate-related risks. Calculating our portfolio’s annual carbon footprint has allowed us to identify the highest-emitting sectors in our portfolio: materials, utilities, energy, and industrials. In the short term, our efforts to manage climate-related risks will be focused on these sectors.

In the medium and long term, we will examine how transition pathway scenarios could impact our portfolio objectives. This includes reviewing potential financial impacts from regulatory risks and legal risks that could evolve into longer-term reputation risks, which could impact future performance (from both a sector and country perspective). In addition, we will evaluate the impact of potential technology risks to identify opportunities for certain sectors and risks for other sectors.

We have also expanded our analytical tool kit to begin evaluating potential impacts of physical risks on the portfolio, with the assumption that the severity and financial costs of climate-related events will increase. In the longer term, the success of global efforts to reduce emissions and limit warming of the planet will determine whether companies face more transition risks or more physical risks. The Paris Agreement seeks to keep warming in this century well below two degrees Celsius above pre-industrial levels and to pursue efforts to limit the increase even further, to 1.5 degrees Celsius. If global policies in alignment with these objectives are implemented, high-emitting sectors will face significant transition risk. However, current policies are not sufficient to meet the objectives, and increased warming is projected for the second half of the century. The physical impacts of warming in excess of two degrees will be significant, and almost all sectors, not just high-emitting sectors, will face considerable physical risks.

We recognize that there are short-, medium- and long-term opportunities related to climate change. In the short term, there are opportunities to benefit from investing in companies that offer products and services that increase resilience to climate change or provide solutions for a lower-carbon economy. In the medium and long term, opportunities will depend on the success of global efforts to address climate change. Companies that effectively manage their climate-related risks are likely to benefit in the long term. Companies operating in less carbon-intensive sectors and countries are likely to be well-positioned in the long term. For UTAM, this means considering how our current and potential investment managers approach both climate-related risks and opportunities and recognizing that there are opportunities related to lower-carbon, climate-resilient investment strategies.
To achieve our carbon reduction goal, UTAM will deploy a variety of tools, including shifting assets to lower-emitting countries and sectors, as well as using lower-carbon external managers and investment strategies. Moreover, as part of our ESG-based framework for responsible investing, we will continue to engage with companies on climate change and advocate with policy-makers and regulators to act on climate change.

Manager Review/Monitoring

We include the climate vulnerabilities and metrics identified in our risk management processes as part of our regular monitoring and discussions with external investment managers. This helps us to understand their approach to dealing with climate risk exposures, and it communicates to them the importance of this risk to our stakeholders. The primary metric we consider as part of manager selection and monitoring is the carbon footprint. We also use MSCI’s ESG ratings to monitor manager portfolios. In addition, we evaluate climate scenario impacts during our aggregate portfolio reviews to determine if the attainment of portfolio objectives could be impaired.

Active Ownership

A key part of our strategy is to engage with companies on climate issues. In addition, we have adopted the ISS Sustainability Guidelines for proxy voting, which takes into account climate change.

How we identify and assess climate-related opportunities

The investment heads of each area (public equities, fixed income, private markets) have been tasked with identifying climate-related opportunities. Areas that we have researched so far include low carbon funds, venture capital funds focused on clean technology, environmental commodity trading funds (e.g. cap and trade), project financing funds where loans are repaid with carbon offset credits, and thematic funds seeking to take advantage of climate-related opportunities. This remains a priority area of research for us.

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

We endorsed the TCFD disclosures at the end of 2019; our 2019 Responsible Investing Report (published in May 2020) includes our TCFD disclosures.

Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

- Policy setting out your overall approach
- Formalised guidelines on environmental factors
- Formalised guidelines on social factors
- Formalised guidelines on corporate governance factors
- Fiduciary (or equivalent) duties
### Responsible Investing Policies

- **Screening / exclusions policy**
  - URL/Attachment
    - URL: https://www.utam.utoronto.ca/responsible-investing/utam-responsible-investing-policy/
    - Attachment (will be made public)

- **Engagement policy**
  - URL/Attachment
    - URL: https://www.utam.utoronto.ca/responsible-investing/utam-responsible-investing-policy/
    - Attachment (will be made public)

- **(Proxy) voting policy**
  - URL/Attachment
    - URL: https://www.utam.utoronto.ca/responsible-investing/utam-responsible-investing-policy/
    - Attachment (will be made public)

- **We do not publicly disclose our investment policy documents**

### SG 02.2

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

- **Your organisation’s definition of ESG and/or responsible investment and it’s relation to investments**
  - URL/Attachment
    - URL: https://utam.utoronto.ca/responsible-investing/
    - Attachment

- **Time horizon of your investment**
  - URL/Attachment
    - URL: https://utam.utoronto.ca/responsible-investing/
    - Attachment

- **Governance structure of organisational ESG responsibilities**
  - URL/Attachment
    - URL: https://utam.utoronto.ca/responsible-investing/
    - Attachment

- **ESG incorporation approaches**
  - URL/Attachment
    - URL: https://utam.utoronto.ca/responsible-investing/
    - Attachment

- **Active ownership approaches**
  - URL/Attachment
    - URL: https://utam.utoronto.ca/responsible-investing/
    - Attachment

- **Reporting**
  - URL/Attachment
    - URL: https://utam.utoronto.ca/responsible-investing/
    - Attachment
### SG 02.3 Additional information [Optional]

In addition to publishing our Responsible Investing Policy on our website, we publish extensive information on our ESG integration approach and our engagement activities. We also publish the private version of our PRI Assessment Report and the carbon footprint of the University’s Pension and Endowment portfolios in support of our commitment to the Montreal Carbon Pledge.

### SG 03 Mandatory Core Assessed General

#### SG 03.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

- [x] Yes

#### SG 03.2 Describe your policy on managing potential conflicts of interest in the investment process.

The University of Toronto Funds Investment Policy has provisions addressing the management of potential conflicts of interest in the investment process and more broadly arising from other relationships and activities in the management of university investment assets.

In addition, UTAM has provisions within our Code of Ethics, which is published to our website at https://www.utam.utoronto.ca/about-us/code-of-ethics/, to identify and manage actual or potential conflicts of interest between our staff and our client in respect of the portfolios that we manage. Controls are prescribed for the disclosure, mitigation, and avoidance of such conflicts. In the investment management process, actual or perceived conflicts of interest that an external investment manager may have with UTAM and/or its client are addressed in both our investment and operational due diligence processes before investment and in ongoing monitoring following initial investment.

Our Code of Ethics incorporates the CFA Code of Conduct by reference.

- [ ] No

### SG 04 Voluntary Descriptive General

#### SG 04.1 Indicate if your organisation has a process for identifying and managing incidents that occur within investee entities.

- [x] Yes

- [ ] No

#### SG 04.2 Describe your process on managing incidents

We subscribe to various news sources and information services, such as MSCI, Bloomberg, Refinitiv, and others, that enable us to maintain an active awareness of incidents in portfolio companies, including incidents related to ESG. In some cases, our managers provide information on incidents in their portfolio companies.

When we are aware of an incident we may engage in a discussion with the relevant investment managers to further understand the nature of the incident and its potential or actual impact on the value of the investments, and also understand the actions that the manager intends to take in response.

Such matters may be reported to our internal Management Investment Committee and our Responsible Investing Committee for further consideration.

### SG 05 Mandatory Gateway/Core Assessed General

#### SG 05.1 Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- [x] Quarterly or more frequently

- [ ] Biannually

- [ ] Annually

- [ ] Less frequently than annually

- [ ] Ad-hoc basis

- [ ] It is not set/reviewed

#### SG 05.2 Additional information [Optional]

UTAM formally sets responsible investment objectives at least annually but these may be updated throughout the year as new priorities emerge. Progress towards achievement of responsible investing objectives is reviewed at the regular meetings of the Responsible Investing Committee, which typically take place quarterly.

### SG 06 Voluntary Descriptive General

#### SG 06.1 List the main responsible investment objectives that your organisation set for the reporting year.

- **Climate change**

- [ ] URL/Attachment

  - [x] URL
    - https://utam.utoronto.ca/responsible-investing/

  - [ ] Attachment

- [ ] Understanding and incorporating client / beneficiary sustainability preferences

  - [x] URL/Attachment

    - [x] URL
      - https://utam.utoronto.ca/responsible-investing/

    - [ ] Attachment

- [ ] We do not publicly disclose any investment policy components
## Responsible investment processes

**Provide training on ESG incorporation**

**Key performance indicator**

All relevant staff participate in internal or external training activities on ESG incorporation.

**Progress achieved**

We make resources available and encourage staff to participate in opportunities to develop their ESG integration knowledge and capabilities; these are discussed at regular team meetings. We typically use our document management system to track ESG incorporation training and can assess the volume of activities in that system.

All relevant staff undertook training in 2019.

**Provide training on ESG engagement**

**Key performance indicator**

All relevant staff participate in internal or external training activities on engagement.

**Progress achieved**

All relevant staff undertook training in 2019.

**Improved communication of ESG activities within the organisation**

**Key performance indicator**

An increase in the volume, frequency or quality of information disseminated internally.

**Progress achieved**

Our Responsible Investing Committee, which is comprised of senior leaders at UTAM (including the CIO, COO, CRO and the heads of each investment team), establishes the responsible investing policy and overall approach to ESG integration, including the setting of objectives and reviewing their achievement. The senior leaders on this committee are responsible for disseminating relevant information to their respective teams.

All investment staff, the COO, CRO, other senior operations and compliance staff are members of our internal investment committee. This committee regularly discusses ESG matters in connection with manager selection, appointment, and monitoring.

We provide internal annual training to staff on our approach to ESG incorporation, which is delivered by members of the Responsible Investing Committee. In 2019, we expanded our internal training program, for example, with respect to climate-related issues and our engagement program. New staff receives such training as part of their onboarding.

**Improved engagement to encourage change with regards to management of ESG issues**

**Key performance indicator**

Undertake engagements with a meaningful percentage of the companies in the portfolio (e.g., >5%) and achieve a significant number of milestones in the companies engaged.

**Progress achieved**

UTAM is thoughtful in our engagement activities. Other than engagements conducted through our service providers, we participate mainly in collaborative engagements although we may engage directly with regulators and others as appropriate. Before we commit to engagement activities, they are considered by senior management to ensure that the objectives of the engagements are aligned with our beliefs and reflect the best interests of the University’s investments. In 2019, we continued to expand our collaborative engagement activities, such as through our participation in the 30% Club Canada Investor Group, and via our service providers by participating in their engagement activities where opportunities were available to do so.

Accordingly, with respect to our engagement service providers, this has corresponded with an increase in the number of companies in which engagements took place, 692 companies in 2019 vs 506 companies in 2018 and 54 companies in 2017 and an increase in the number of milestones achieved, 235 milestones in 2019 vs 178 milestones in 2018 and 24 in 2017. Although we have experienced achievement of a higher number of milestones, many initiatives are multi-year endeavors.

**Improved ESG incorporation into investment decision making processes**

**Key performance indicator**

Continually evaluate what we do, and implement improvements in our process each year where we see opportunities to do so.

**Progress achieved**

In 2019, we included the carbon footprint in our analysis of external investment managers’ portfolios, along with the introduction of a carbon reduction target for the Pension and Endowment portfolios.

- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

## ESG characteristics of investments

- Over or underweight companies based on ESG characteristics
- Improve ESG ratings of portfolio
- Setting carbon reduction targets for portfolio
### Key performance indicator
Reduce the carbon footprint of equity (and equity-like) investments in the Pension and Endowment portfolios by at least 40%, compared to 2017 levels, by the end of 2030. The carbon footprint is defined as carbon emissions attributable to the portfolios per million dollars invested.

### Progress achieved
By Dec. 31, 2019, the carbon footprint of the portfolios had been reduced by 21.5% from the 2017 levels. (The Endowment portfolio has an identical investment mandate to the Pension portfolio, and we manage them the same way, so we have proxied the Endowment’s carbon footprint with the Pension’s carbon footprint.)

- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

### Other activities
- Joining and/or participation in RI initiatives
- Encouraging others to join a RI initiative
- Documentation of best practice case studies
- Using case studies to demonstrate engagement and ESG incorporation to clients

### Key performance indicator
Active participation in appropriate RI initiatives or enhancing the quality of our participation.

### Progress achieved
We enhanced the quality of our participation in a number of our existing initiatives, including in particular with the appointment of our President and Chief Investment Officer to the board of the Canadian Coalition of Good Governance, also serving on its Member Engagement Committee and Public Policy Committee. Additionally, we continued to share our responsible investing approach with other investors through participation in conferences, webinars, and direct presentations; in particular with other North American endowments and foundations.

- Encouraging others to join a RI initiative
- Documentation of best practice case studies
- Using case studies to demonstrate engagement and ESG incorporation to clients

### Key performance indicator
Ensuring that we include examples of engagement and ESG incorporation activities in our reporting to our client and stakeholders.

### Progress achieved
Through our collaborative engagements and engagements conducted on our behalf by our service providers, we continually seek examples to illustrate the objectives, process, outcomes, and benefits of these activities. Collaborative engagement initiatives, such as Climate Action 100+, are typically multi-year engagements and although there is progress, they have started to produce meaningful outcomes as we see action by target companies. We continue to update our stakeholders with progress illustrated by case studies where possible and include them in our annual Responsible Investing Report, see here [https://www.utam.utoronto.ca/reports/responsible-investing-reports/](https://www.utam.utoronto.ca/reports/responsible-investing-reports/).

- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

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<table>
<thead>
<tr>
<th>SG 07.1</th>
<th>Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.</th>
</tr>
</thead>
</table>

### Roles
- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Internal Roles (triggers other options)
  - Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
  - Oversight/accountability for responsible investment
Responsible investing at UTAM is conducted under the auspices of our Responsible Investing Committee which has a defined mandate within our Responsible Investing Policy, typically meets at least quarterly and is comprised of our senior leaders. The committee establishes the responsible investing policy and overall ESG integration approach, including the setting of objectives and reviewing their achievement.

UTAM’s President and Chief Investment Officer oversees UTAM’s approach to responsible investing activities as the chair of our Responsible Investing Committee. He is also oversees communication to stakeholders. Implementation of ESG integration in external investment manager selection and monitoring is the responsibility of the CIO and the heads of public equities, fixed income, and private markets, who in turn ensure that their respective teams incorporate ESG considerations into their processes. In the investment manager appointment process, the respective investment head, and internal legal staff work to incorporate UTAM’s requirements into investment management agreements and similar documents.

The Chief Operating Officer is responsible for the implementation of UTAM’s proxy voting program and participates in stakeholder reporting and communications. Both the President and Chief Investment Officer and the Chief Operating Officer undertakes engagement activities.

UTAM does not have dedicated responsible investment staff, instead, implementation of the program is integrated into the responsibilities of all senior staff, as well as investments and operational due diligence staff. We believe this approach ensures that consideration of ESG issues is a fundamental part of the selection, appointment, and monitoring of external investment managers, rather than a separate activity.

### SG 07.3
Indicate the number of dedicated responsible investment staff your organisation has.

<table>
<thead>
<tr>
<th>Role</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

### SG 07.4
Additional information. [Optional]

UTAM does not have dedicated responsible investment staff, instead, implementation of the program is integrated into the responsibilities of all senior staff, as well as investments and operational due diligence staff. We believe this approach ensures that consideration of ESG issues is a fundamental part of the selection, appointment, and monitoring of external investment managers, rather than a separate activity.

### SG 07 CC
Mandatory to Report, Voluntary to Disclose

<table>
<thead>
<tr>
<th>Role</th>
<th>Oversight/accountability for climate-related issues</th>
<th>Assessment and management of climate-related issues</th>
<th>No responsibility for climate-related issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board members or trustees</td>
<td>✔</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee</td>
<td>✔</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Chief-level staff or heads of departments</td>
<td>✔</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Climate change is a key ESG priority for UTAM. UTAM’s Board has oversight of climate-related risks in the context of approving UTAM’s Responsible Investing Policy and in ensuring that management has access to adequate resources in order to be able to manage them. The Board approves our Responsible Investing Policy and has responsibility for our overall approach to responsible investing, which includes climate change. The Board also approves UTAM’s annual Responsible Investing Report, which starting with our 2019 report (expected to be released in May 2020), includes our TCFD-aligned disclosure. There is an annual standing agenda item at Board meetings to discuss climate-related issues, and relevant issues and developments are brought to the Board’s attention as they arise.

UTAM’s carbon reduction target is an important goal as UTAM works to manage climate-related risks and opportunities. As part of its oversight of climate-related risks and opportunities, the Board approved the carbon reduction target. Progress towards the carbon reduction target is a key avenue through which the Board monitors progress in addressing climate-related issues.

Our external Investment Committee is made up of five investment industry experts and provides oversight of climate-related risks and opportunities. The committee reviews and endorses UTAM’s implementation of its responsible investing approach, which is outlined in our Responsible Investing Policy. This includes a section on climate change and our approach to achieving the carbon reduction target.

The following internal committees have oversight of climate-related risks, opportunities, and disclosures:

- **Responsible Investing Committee (RIC)** - This committee oversees all matters relating to the development and implementation of UTAM’s responsible investing practices and considers climate-related risks and opportunities as part of UTAM’s broader responsible investing practices. The RIC is chaired by UTAM’s President and CIO (CIO) and comprises UTAM’s investment heads, the Chief Risk Officer and Head of Research (CRO), and the Chief Operating Officer (COO). The committee typically meets quarterly, or more frequently as necessary.

- **Management Investment Committee (MIC)** - This committee’s mandate is to review investment activities related to investment strategy, investment manager selection and monitoring, asset mix and rebalancing, and investment performance. This includes consideration of ESG practices of external investment managers in their appointment and in the periodic asset class portfolio review process. The MIC is chaired by the CIO and comprises all investment staff and senior members of the Risk and Research and Operations teams. The committee typically meets monthly.

- **Management Investment Risk Committee (MIRC)** - This committee is responsible for developing investment risk policies, reviewing risk reports, reviewing client portfolio investment risk positions and addressing all investment-related risk issues. Climate change has been identified as a key risk and is considered alongside other investment-related risk issues. The MIRC is chaired by the CRO and comprises the Risk and Research team, the CIO and other senior investment staff. The committee typically meets quarterly, or more frequently as necessary.

Ultimately, the RIC provides the strategic oversight of climate-related risks and opportunities. There is considerable overlap in membership between all three committees that oversee climate-related risks and opportunities, which ensures that relevant information flows between all committees. The CIO and the COO provide reporting to the Board so that it can meet its oversight obligations, e.g., on matters such as progress toward achieving our carbon reduction target, and ensures that material changes to the Responsible Investing Policy are presented for approval, etc.

UTAM has 25 employees but does not have staff dedicated solely to responsible investing; our approach to ESG and climate change has been embedded directly within our core investment teams. Full integration helps UTAM to ensure that the external managers we work with meet our ESG and climate objectives.

### SD 07.6 CC

For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

**SG 07.6 CC**

Climate change is a key ESG priority for UTAM. UTAM’s Board has oversight of climate-related risks in the context of approving UTAM’s Responsible Investing Policy and in ensuring that management has access to adequate resources in order to be able to manage them. The Board approves our Responsible Investing Policy and has responsibility for our overall approach to responsible investing, which includes climate change. The Board also approves UTAM’s annual Responsible Investing Report, which starting with our 2019 report (expected to be released in May 2020), includes our TCFD-aligned disclosure. There is an annual standing agenda item at Board meetings to discuss climate-related issues, and relevant issues and developments are brought to the Board’s attention as they arise.

UTAM’s carbon reduction target is an important goal as UTAM works to manage climate-related risks and opportunities. As part of its oversight of climate-related risks and opportunities, the Board approved the carbon reduction target. Progress towards the carbon reduction target is a key avenue through which the Board monitors progress in addressing climate-related issues.

Our external Investment Committee is made up of five investment industry experts and provides oversight of climate-related risks and opportunities. The committee reviews and endorses UTAM’s implementation of its responsible investing approach, which is outlined in our Responsible Investing Policy. This includes a section on climate change and our approach to achieving the carbon reduction target.

**SD 07.7 CC**

For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

**SG 07.7 CC**

The following internal committees have oversight of climate-related risks, opportunities, and disclosures:

- **Responsible Investing Committee (RIC)** - This committee oversees all matters relating to the development and implementation of UTAM’s responsible investing practices and considers climate-related risks and opportunities as part of UTAM’s broader responsible investing practices. The RIC is chaired by UTAM’s President and CIO (CIO) and comprises UTAM’s investment heads, the Chief Risk Officer and Head of Research (CRO), and the Chief Operating Officer (COO). The committee typically meets quarterly, or more frequently as necessary.

- **Management Investment Committee (MIC)** - This committee’s mandate is to review investment activities related to investment strategy, investment manager selection and monitoring, asset mix and rebalancing, and investment performance. This includes consideration of ESG practices of external investment managers in their appointment and in the periodic asset class portfolio review process. The MIC is chaired by the CIO and comprises all investment staff and senior members of the Risk and Research and Operations teams. The committee typically meets monthly.

- **Management Investment Risk Committee (MIRC)** - This committee is responsible for developing investment risk policies, reviewing risk reports, reviewing client portfolio investment risk positions and addressing all investment-related risk issues. Climate change has been identified as a key risk and is considered alongside other investment-related risk issues. The MIRC is chaired by the CRO and comprises the Risk and Research team, the CIO and other senior investment staff. The committee typically meets quarterly, or more frequently as necessary.

Ultimately, the RIC provides the strategic oversight of climate-related risks and opportunities. There is considerable overlap in membership between all three committees that oversee climate-related risks and opportunities, which ensures that relevant information flows between all committees. The CIO and the COO provide reporting to the Board so that it can meet its oversight obligations, e.g., on matters such as progress toward achieving our carbon reduction target, and ensures that material changes to the Responsible Investing Policy are presented for approval, etc.

UTAM has 25 employees but does not have staff dedicated solely to responsible investing; our approach to ESG and climate change has been embedded directly within our core investment teams. Full integration helps UTAM to ensure that the external managers we work with meet our ESG and climate objectives.

**SG 07.8 CC**

Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.

**SG 07.8 CC**

- Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)
- Request incorporation of TCFD into regular client reporting
- Request that external managers complete PRI climate indicator reporting
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide
- Specify: We make investment managers aware of our carbon reduction objective; evaluating their portfolios accordingly. Our engagement service provider, Hermes EOS, addresses TCFD recommendations and implementation.

**SG 19**

**TRANSPARENCY**
### SG 08.1 Indicate if your organisation’s performance management, reward and/or personal development processes have a responsible investment element.

<table>
<thead>
<tr>
<th>Role</th>
<th>Details</th>
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</table>
| Board members/Board of trustees | **RI in personal development and/or training plan**
- Responsible investment included in personal development and/or training plan
- None of the above |
| Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee | **RI in objectives, appraisal and/or reward**
- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above |
| Other C-level staff or head of department | **RI in personal development and/or training plan**
- Responsible investment included in personal development and/or training plan
- None of the above |
| Portfolio managers | **RI in objectives, appraisal and/or reward**
- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above |
| Investment analysts | **RI in personal development and/or training plan**
- Responsible investment included in personal development and/or training plan
- None of the above |

### SG 08.3 Provide any additional information on your organisation’s performance management, reward and/or personal development processes in relation to responsible investment.

Each senior team member, investments and operational due diligence staff have personal objectives related to responsible investment. All staff is evaluated semi-annually on the achievement of their goals. Certain elements of discretionary compensation are based on personal achievements.

### SG 08.4 Describe the level of experience board members/trustees/chief-level staff have with incorporating ESG factors into investment decision-making processes.
UTAM's President and Chief Investment Officer sits on our board and, as such, brings practical experience to the board on these matters. The President of the University of Toronto also sits on our Board - he has developed significant expertise in considering responsible investing matters, including publishing an extensive report setting out the university's actions with respect to climate change, see https://www.president.utoronto.ca/beyond-divestment-taking-decisive-action-on-climate-change. Chief level staff at UTAM have a number of years of combined experience in ESG incorporation - both in developing and in implementing an appropriate program.

<table>
<thead>
<tr>
<th>SG 09</th>
<th>Mandatory</th>
<th>Core Assessed</th>
<th>PRI 4.5</th>
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</thead>
<tbody>
<tr>
<td>SG 09.1</td>
<td>Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.</td>
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</table>

- **Principles for Responsible Investment**
  - Your organisation’s role in the initiative during the reporting period (see definitions)
    - Moderate
  - Provide a brief commentary on the level of your organisation’s involvement in the initiative. [Optional]
    - Our Chief Risk Officer is a member of PRI’s Asset Owner Advisory Committee.
  - **CDP Climate Change**
    - Your organisation’s role in the initiative during the reporting period (see definitions)
      - Moderate
    - Provide a brief commentary on the level of your organisation’s involvement in the initiative. [Optional]
      - We undertook a lead role in contacting a number of companies asking them to provide data requested by the CDP.
  - **CDP Forests**
    - Your organisation’s role in the initiative during the reporting period (see definitions)
      - Moderate
    - Provide a brief commentary on the level of your organisation’s involvement in the initiative. [Optional]
      - We undertook a lead role in contacting a number of companies asking them to provide data requested by the CDP.
  - **CDP Water**
    - Your organisation’s role in the initiative during the reporting period (see definitions)
      - Moderate
    - Provide a brief commentary on the level of your organisation’s involvement in the initiative. [Optional]
      - We undertook a lead role in contacting a number of companies asking them to provide data requested by the CDP.
  - **CFA Institute Centre for Financial Market Integrity**
  - **Climate Action 100+**
    - Your organisation’s role in the initiative during the reporting period (see definitions)
      - Moderate
    - Provide a brief commentary on the level of your organisation’s involvement in the initiative. [Optional]
      - We participated in a number of engagements undertaken.
  - **Code for Responsible Investment in SA (CRISA)**
  - **Council of Institutional Investors (CII)**
  - **Eumedion**
  - **Extractive Industries Transparency Initiative (EITI)**
  - **ESG Research Australia**
  - **Invest Europe Responsible Investment Roundtable**
  - **Global Investors Governance Network (GIGN)**
  - **Global Impact Investing Network (GIIN)**
  - **Global Real Estate Sustainability Benchmark (GRESB)**
  - **Green Bond Principles**
  - **HKVCA ESG Committee**
  - **Institutional Investors Group on Climate Change (IIGCC)**
  - **Interfaith Center on Corporate Responsibility (ICCR)**
  - **International Corporate Governance Network (ICGN)**
<table>
<thead>
<tr>
<th>Investor Group on Climate Change, Australia/New Zealand (IGCC)</th>
<th>International Integrated Reporting Council (IIRC)</th>
<th>Investor Network on Climate Risk (INCR)/CERES</th>
<th>Local Authority Pension Fund Forum</th>
<th>Principles for Financial Action in the 21st Century</th>
<th>Principles for Sustainable Insurance</th>
<th>Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify</th>
<th>Responsible Finance Principles in Inclusive Finance</th>
<th>Shareholder Association for Research and Education (Share)</th>
<th>United Nations Environmental Program Finance Initiative (UNEP FI)</th>
<th>United Nations Global Compact</th>
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<tbody>
<tr>
<td><strong>Your organisation’s role in the initiative during the reporting year (see definitions)</strong></td>
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<tr>
<td><strong>Provide a brief commentary on the level of your organisation’s involvement in the initiative. [Optional]</strong></td>
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<tr>
<td>UTAM supports the work of CCGG and participates in its activities as considered appropriate. In 2019, our President and Chief Investment Office was appointed to the board and also serves on its Member Engagement Committee and Public Policy Committee. As a board member, he participated in a number of engagements undertaken by the CCGG with Canadian companies.</td>
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<td>Responsible Investment Association (Canada) (RIA)</td>
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<td><strong>Your organisation’s role in the initiative during the reporting year (see definitions)</strong></td>
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<td><strong>Provide a brief commentary on the level of your organisation’s involvement in the initiative. [Optional]</strong></td>
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<tr>
<td>UTAM’s Chief Operating Officer (COO) is a Board member of the RIA, is a member and former chair of its Governance Policy Committee and was appointed to the Executive Committee. The COO also participates in the RIA’s Toronto Working Group and facilitated the hosting of meetings at UTAM’s offices.</td>
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<tr>
<td>Pension Investment Association of Canada (PIAC)</td>
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<td><strong>Your organisation’s role in the initiative during the reporting year (see definitions)</strong></td>
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<td><strong>Provide a brief commentary on the level of your organisation’s involvement in the initiative. [Optional]</strong></td>
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<tr>
<td>Our Chief Operating Officer is a member of PIAC’s Investor Stewardship Committee, which aims to develop, monitor and promote robust standards and best practices for investor stewardship of pensions in Canada. Activities reviewed by the committee include proxy voting, corporate engagement, governance, integrating ESG factors into the investment process and advocacy around responsible investing with policymakers and standard-setters.</td>
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<tr>
<td>Intentional Endowments Network</td>
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<td><strong>Your organisation’s role in the initiative during the reporting year (see definitions)</strong></td>
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<td><strong>Provide a brief commentary on the level of your organisation’s involvement in the initiative. [Optional]</strong></td>
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<tr>
<td>The Chief Operating Officer (COO) delivered a webinar alongside the PRI Head of Americas, on the subject of applying an ESG lens to investment decisions. Our COO is also a member of the Shareholder Working Group.</td>
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**SG 09.2** Mandatory to Report, Voluntary to Disclose

<table>
<thead>
<tr>
<th>Descriptive</th>
<th>PRI 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicate approximately what percentage (+/- 5%) of your externally managed assets under management are managed by PRI signatories.</td>
<td>45%</td>
</tr>
</tbody>
</table>

**SG 10** Mandatory

<table>
<thead>
<tr>
<th>Core Assessed</th>
<th>PRI 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**SG 10.2**

| Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. | Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc. |
Our President and Chief Investment Officer, along with our Chief Operating Officer, presented to other Canadian universities on our responsible investing approach. Our COO, along with the PRI Head of Americas delivered a webinar to members of the Intentional Endowment Network on the subject of applying an ESG lens to investments. Our COO participated in panels variously in Washington for ILPA on ESG integration in private equity investments, and in New York for the local CFA chapter’s Climate Week Event on the Canadian approach to responsible investing, as well as in Toronto for Alternative Investment Management Association (AIMA) on diversity and inclusion. We are thoughtful in the events in which we participate, but are very open to sharing our approach, both in terms of philosophy and process.

**Frequency of contribution**
- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

☑ Provided financial support for academic or industry research on responsible investment

We are a member of, and provide financial support to, the National Pension Hub (NPH) for Pension Knowledge & Research. https://globalriskinstitute.org/national-pension-hub/. The purpose of the NPH is to provide a sustainable pipeline of independent and objective pension research that, among other things, will lead to innovative solutions to pension design, governance and investment challenges. It leverages the global leadership of Canadian pension plans and consulting plans and engages the academic community on complex research topics to produce objective pension-focused and industry-relevant research and insights. It strives to offer local pension design insights as well as globally-relevant pension investment and governance research to establish Canada as a source for leading pension research.

One of the key research topics is "Addressing the challenges of climate change for long-term institutional investors". An outline of this research topic is provided below.

**Climate change** is one of the most significant social, economic, and financial issues of our time. As such, pension funds are increasingly looking for ways to assess, measure, manage, and mitigate the risks associated with climate change. Some potential areas of interest include: How do markets price the risks of climate change? What methods can long-term investors use to hedge these risks most effectively? How should climate change be considered when constructing long-term investment portfolios? Topics: • Measuring Climate Risk • Climate Risk Hedging • Impacts of Climate Change on Asset Allocation

**Frequency of contribution**
- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

☑ Provided input and/or collaborated with academia on RI related work

As a member of the National Pension Hub (NPH), we actively reviewed and provided feedback on academic paper proposals where one of the key research streams is climate risk. Additionally, our Chief Risk Officer was part of a smaller NPH group evaluating an academic proposal to NPH on sustainability and portfolio construction.

**Frequency of contribution**
- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

☑ Encouraged better transparency and disclosure of responsible investment practices across the investment industry

We endeavour to provide leadership in this area by being as transparent as possible with respect to our activities and providing a significant amount of information on our practices to our website. In addition, we actively encourage companies to provide better disclosure through our involvement with the CDP’s climate, water, and forests initiatives and through our participation in Climate Action 100. We also discuss transparency and disclosure with our investment managers.

**Frequency of contribution**
- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other
Spoke publicly at events and conferences to promote responsible investment

**Description**

Our President and Chief Investment Officer, along with our Chief Operating Officer, presented to other Canadian universities on our responsible investing approach. Our COO, along with the PRI Head of Americas delivered a webinar for members of the Intentional Endowment Network on the subject of applying an ESG lens to investments. Our COO participated in panels variously in Washington for ILPA on ESG integration in private equity investments, and in New York for the local CFA chapter’s Climate Week Event on the Canadian approach to responsible investing, as well as in Toronto for Alternative Investment Management Association (AIMA) on diversity and inclusion. We are thoughtful in the events in which we participate, but are very open to sharing our approach, both in terms of philosophy and process.

**Frequency of contribution**

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Wrote and published in-house research papers on responsible investment

**Description**

UTAM engages in dialogue with external investment managers and encourage all of them to consider adoption of the PRI where they are not already signatories – one of which signed on in 2019.

**Frequency of contribution**

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)

Wrote and published articles on responsible investment in the media

A member of PRI advisory committees/ working groups, specify

**Description**

UTAM’s Chief Risk Officer is a member of the PRI’s Asset Owner Advisory Committee which is a workstream considering how to further implement the Principles throughout the investment chain and specifically to increase the engagement of asset owners with respect to responsible investment.

**Frequency of contribution**

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

On the Board of, or officially advising, other RI organisations (e.g. local SIFs)

**Description**

UTAM’s President and Chief Investment Officer sits on the board of the Canadian Coalition for Good Governance, also serving on its Member Engagement Committee and its Public Policy Committee. Chief Operating Officer is a member of the board of the Responsible Investing Association of Canada, is a member and former chair of its Governance Policy Committee and is a member of the Executive Committee.

**Frequency of contribution**

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Other, specify

No
In relation to environmental concerns, Saker Nusseibeh, CEO of Hermes Investment Management, and Bruce Duguid, head of stewardship at EOS, attended a two-day Vatican summit on the energy transition, along with CEOs from major oil companies, asset managers and asset owners. The summit highlighted the need for urgent action on the climate emergency and focused on three key issues: a just transition to a low carbon economy; introducing reliable and meaningful carbon pricing; and transparency in reporting climate risks. Mr. Nusseibeh signed two accords on behalf of Hermes on carbon pricing and transparency of financial risks, showing its commitment to taking genuine action on the climate crisis.

In the US, following moves by the Securities and Exchange Commission (SEC) to restrict rights relating to shareholder proposals and regulate proxy adviser activity, EOS wrote to the SEC pointing out that proxy advisers are contractual agents of institutional investors, not of the companies who are the human rights challenges, particularly around artisanal-scale mining. EOS also participated in an on-site OECD roundtable, sharing its perspective and experience with local and international stakeholders.

Collaborative engagement, EOS was the only investor representative to attend an OECD-led field trip to the Democratic Republic of Congo to see first-hand the human rights challenges, particularly around artisanal-scale mining. EOS also expressed the need for clearer guidance on the so-called 5% rule, whereby shareholders with a 5% stake in a company must state if they plan to influence management. The law was conceived as an anti-takeover measure but there are concerns it could make some asset owners reluctant to adopt the country’s stewardship code due to uncertainty about the legitimacy of engaging with companies on corporate governance.

EOS supported ‘Find It, Fix It, Prevent It’, a collaborative initiative to combat modern slavery. This calls on UK-listed companies to increase their efforts to address this issue and to support the provision of remedy to victims. And as an advisory committee member of the PRI’s cobalt supply chain collaborative engagement, EOS was the only investor representative to attend an OECD-led field trip to the Democratic Republic of Congo to see first-hand the human rights challenges, particularly around artisanal-scale mining. EOS also participated in an on-site OECD roundtable, sharing its perspective and experience with local and international stakeholders.

With regard to social issues, EOS responded to the UK Home Office’s consultation on potential revisions to the Modern Slavery Act and argued for a requirement to report on all six of the currently recommended areas, instead of adopting a ‘comply or explain’ approach. It supported the creation of a registry to enable stakeholders, including investors, to access companies’ modern slavery statements. It argued that a central registry should include a list of the companies caught by the Act’s reporting requirement, regardless of whether they had submitted a compliant statement.

In relation to governance, EOS contributed to several reviews and consultations looking at ways to overhaul the UK audit sector, including the Competition and Market Authority’s study, the Business, Energy and Industrial Strategy consultation and the Brydon Review. In the consultations, EOS expressed its concerns about audit quality and called for more professional skepticism with auditors prepared to challenge management, rather than taking a tick-box approach.

In the US, following moves by the Securities and Exchange Commission (SEC) to restrict rights relating to shareholder proposals and regulate proxy adviser activity, EOS wrote to the SEC pointing out that proxy advisers are contractual agents of institutional investors, not of the companies who are the subjects of their research.

EOS also joined an Asian Corporate Governance Association delegation to South Korea to engage with regulators, government departments and businesses on ways to improve corporate governance there. During the trip EOS urged stakeholders to do more to stimulate the economy and encourage entrepreneurialism, without diluting corporate governance standards. EOS argued against the proposed introduction of class-share structures, which may threaten minority shareholder rights. EOS also expressed the need for clearer guidance on the so-called 5% rule, whereby shareholders with a 5% stake in a company must state if they plan to influence management. The law was conceived as an anti-takeover measure but there are concerns it could make some asset owners reluctant to adopt the country’s stewardship code due to uncertainty about the legitimacy of engaging with companies on corporate governance.

Please see additional information provided in SG 11.3 for more detail on public policy conducted on our behalf by EOS at Federated Hermes.
SG 12
Mandatory
Core Assessed
PRI 4

SG 12.1
Indicate whether your organisation uses investment consultants.

☐ Yes, we use investment consultants
☒ No, we do not use investment consultants.

SG 13
Mandatory
Descriptive
PRI 1

SG 13.1
Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

☒ Yes, in order to assess future ESG factors

Describe

For each E, S, and G factor, we identify historical periods and events where changes in those factors likely resulted in some market shock (e.g., tsunami, pandemic, social unrest). We assess and model the market impact of those events and map them to macroeconomic variables to obtain broad market shocks.

☒ Yes, in order to assess future climate-related risks and opportunities

Describe

Transition and physical risk scenarios are used to map climate scenario pathways and shocks into macroeconomic shocks via several key variables (e.g., future economic growth). These are integrated within our risk system and propagated across all holdings to determine an overall climate-related VaR. We continue to develop capability.

☐ No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.2
Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

☒ Allocation between asset classes
☐ Determining fixed income duration
☒ Allocation of assets between geographic markets
☒ Sector weightings
☐ Other, specify
☐ We do not consider ESG issues in strategic asset allocation

SG 13 CC
Mandatory to Report, Voluntary to Disclose
Descriptive
General

SG 13.4 CC
Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

☒ Initial assessment

Describe

We integrated quantitative climate scenario analysis into our investment risk management framework in late 2017. We consider the following specific climate pathways as per the International Energy Agency (IEA) annual World Energy Outlook report: Stated Policies Scenario and Sustainable Development Scenario.

Our initial model focused on transition risk scenarios and portfolio impacts expressed as “Value at Risk.” In the past two years, we expanded this analysis using internal and external tools (e.g., 2 Degrees Investing Initiative’s Paris Agreement Capital Transition Assessment (PACTA) tool) to further integrate physical risk scenarios, scenario attribution by country and sector levels, and measurement of portfolio resilience under a two-degre scenario.

The results of our scenario analysis spur discussion on potential impacts to our portfolio and help UTAM’s leadership gauge the resilience of our investment strategy across multiple time horizons. Climate scenario analysis is constantly developing, and we intend to adapt our processes as more decision-ready data and improved techniques become available. Given the inherent challenges associated with quantitative modelling, the TCFD has provided a five-year implementation timeline for those who endorse the recommendations to disclose their scenario analysis. UTAM is well-positioned to meet the TCFD recommended disclosures relating to scenario analysis in accordance with this five-year timeline.


☒ Incorporation into investment analysis

Describe

We analyze climate-related risks and opportunities at the aggregate portfolio level via exposure analysis and scenario analysis. As our knowledge base grows and we accumulate metrics, we expect to expand and refine the analysis to better inform the portfolio construction and monitoring process.

Recognizing the potential impact of climate change on our portfolios, we have integrated consideration of climate-related risks and opportunities in a manner that is consistent with how we consider traditional financial risks and opportunities. UTAM’s approach centres on the management of climate-related risks and promoting effective stewardship activities. Where appropriate, UTAM also invests in climate opportunities. Our approach has three steps:

- Identify: We identify the climate-related risks and opportunities relevant to the portfolio and their associated time horizons. We consider transition and physical risks and which countries and sectors could be impacted most significantly or are well-positioned to adapt. We have identified proxies for each type of climate-related risk.
- Measure: We measure the identified climate-related risks and opportunities and engage in detailed discussions to evaluate them. This includes...
modelling our exposure to at-risk sectors and countries via carbon footprinting and forward-looking scenario analysis. We have also introduced a scoring system that evaluates an external fund manager’s approach to climate risk management and compares its ranking against relevant benchmarks.

- **Manage:** We use the information gleaned from the previous steps to make investment decisions, manage our portfolios and monitor existing investments. We search for external managers with lower-carbon portfolios, and we work with our existing managers to create lower-carbon portfolios. We also plan to deploy a variety of tools to manage the impacts of climate-related risks and opportunities, including shifting assets to lower-emitting countries and sectors.

**SG 13.5 CC** Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

**SG 13.6 CC** Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

- Yes
- No

Please explain the rationale:

Our asset allocation analysis has generally focused on the next 10 year period. However, given the longer-term evolution of climate-related shocks and the provided pathways, we have begun to extend our analysis out to periods beyond 2050. This work is on-going and expected to be developed over the coming year (2020).

**SG 13.7 CC** Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

**SG 13.8 CC** Indicate the climate scenarios your organisation uses.

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<tr>
<th>Provider</th>
<th>Scenario used</th>
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<tbody>
<tr>
<td>IEA</td>
<td>2°C Beyond 2 Degrees Scenario (B2DS)</td>
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<tr>
<td>IEA</td>
<td>Sustainable Development Scenario (SDS)</td>
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<td>IEA</td>
<td>New Policy Scenario (NPS)</td>
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<td>IEA</td>
<td>Current Policy Scenario (CPS)</td>
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<td>IRENA</td>
<td></td>
</tr>
<tr>
<td>Greenpeace</td>
<td></td>
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<tr>
<td>Institute for Sustainable Development</td>
<td></td>
</tr>
<tr>
<td>Bloomberg</td>
<td></td>
</tr>
<tr>
<td>IPCC</td>
<td></td>
</tr>
<tr>
<td>IPCC</td>
<td></td>
</tr>
<tr>
<td>IPCC</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

**SG 14** Mandatory to Report, Voluntary to Disclose Additional Assessed PRI 1

**SG 14.1** Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
Resource scarcity
☐ Technological developments
☐ Other, specify(1)
☐ Other, specify(2)
☐ None of the above

**SG 14.2** Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

☐ Established a climate change sensitive or climate change integrated asset allocation strategy
☐ Targeted low carbon or climate resilient investments
☐ Phase out your investments in your fossil fuel holdings
☐ Reduced portfolio exposure to emissions intensive or fossil fuel holdings
☐ Used emissions data or analysis to inform investment decision making
☐ Sought climate change integration by companies
☐ Sought climate supportive policy from governments
☐ Other, specify

*other description*

Our service provider, Hermes EOS, engages to enhance disclosure, integrate actions, etc., on climate-related risks. We also undertake this via CA100+ engagements and policy advocacy.

☐ None of the above

**SG 14.3** Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

☐ Scenario analysis
☐ Disclosures on emissions risks to clients/trustees/management/beneficiaries
☐ Climate-related targets
☐ Encouraging internal and/or external portfolio managers to monitor emissions risks
☐ Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
☐ Weighted average carbon intensity
☐ Carbon footprint (scope 1 and 2)
☐ Portfolio carbon footprint
☐ Total carbon emissions
☐ Carbon intensity
☐ Exposure to carbon-related assets
☐ Other emissions metrics
☐ Other, specify
☐ None of the above

**SG 14.6 CC** Voluntary

Provide further details on the key metric(s) used to assess climate-related risks and opportunities.

<table>
<thead>
<tr>
<th>Metric Type</th>
<th>Coverage</th>
<th>Purpose</th>
<th>Metric Unit</th>
<th>Metric Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate-related targets</td>
<td>Majority of assets</td>
<td>Shows the portfolio’s exposure to carbon-intensive companies</td>
<td>Tonnes of CO2 equivalent per million of revenue</td>
<td>For all holdings included in the analysis: Sum of [ Holding weight * (Scope 1 and 2 Carbon Emissions in tonnes) / Millions of Sales ]</td>
</tr>
<tr>
<td>Weighted average carbon intensity</td>
<td>Majority of assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carbon footprint (scope 1 and 2)</td>
<td>Majority of assets</td>
<td>Shows the portfolio’s normalised carbon footprint per million dollars invested</td>
<td>Tonnes of CO2 equivalent per million invested</td>
<td>For all holdings included in the analysis: Sum of [ (Holding Market Value / Market Cap of Issuer) * Scope 1 and 2 Carbon Emissions in tonnes / Portfolio Market value in millions ]</td>
</tr>
<tr>
<td>Portfolio carbon footprint</td>
<td>Majority of assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total carbon emissions</td>
<td>Majority of assets</td>
<td>Shows the portfolio’s total carbon emissions without any normalisation</td>
<td>Tonnes of CO2 equivalent</td>
<td>For all holdings included in the analysis: Sum of (Holding market value / Market Cap of Issuer) * Scope 1 and 2 Carbon Emissions in tonnes</td>
</tr>
<tr>
<td>Carbon intensity</td>
<td>Majority of assets</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Describe in further detail the key targets.

<table>
<thead>
<tr>
<th>Target type</th>
<th>Baseline year</th>
<th>Target year</th>
<th>Description</th>
<th>Attachments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intensity target</td>
<td>2017</td>
<td>2030</td>
<td>Reduce the carbon footprint by 40% from the 2017 level by the end of 2030.</td>
<td>Files: link</td>
</tr>
</tbody>
</table>

Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- Processes for climate-related risks are integrated into overall risk management

Please describe

UTAM’s processes for identifying and assessing climate-related risks are overseen by the Management Investment Risk Committee and are carried out by the organization’s dedicated risk experts.

From a top-down perspective, our investment teams drill down into climate scenarios from the macroeconomic impacts, which are propagated down to each fund/holding in the portfolio. These scenarios and attribution of the results provide insight into key vulnerabilities by sector and by country. We use several tools to measure vulnerability, such as the Notre Dame Global Adaptation Index, HSBC’s Global Climate Change Benchmark Index and the Climate Action Tracker. We use carbon footprinting as an aggregate/attributable measure for the exposure of our equity portfolio to climate-related risks and progress towards our carbon reduction target. Generally, we seek to identify sectors that are weak across several different ESG measures in order to determine priorities with respect to risk management.

From a bottom-up perspective, our investment due diligence includes climate risk evaluation of a fund manager’s portfolio construction process and, where possible, of its actual securities holdings over time. These analyses help inform UTAM’s discussions with external managers on their climate risk management approach. Assessment of external managers’ climate risk management approach is part of our external manager evaluation process. Time horizon and investment strategy play a role in determining the relative importance of climate-related factors.

We introduced a scoring framework for potential and existing fund managers in 2018. The scoring system helps us to identify managers that are “leaders” and “laggards” with respect to climate risk management. If a manager receives a low score, we view it as an opportunity to create a positive impact and engage with the manager to improve its approach. We have had success in moving laggards to leadership positions.

Finally, we use engagement and stewardship activities to increase accountability on climate-related risks within our portfolio companies. Through effective engagement, we acquire a better understanding of a company’s position on climate change. Given UTAM’s size and use of external managers, we typically undertake engagement as part of formal and informal collaborative groups. Many of these groups have prioritized engagement on climate change, notably:

- UTAM was a founding member of Climate Action 100+.
- UTAM participates in the Canadian Coalition for Good Governance (CCGG) engagements, which have increasingly focused on environmental and social issues, including climate change.
- UTAM uses the Hermes EOS corporate engagement service to amplify our impact. Hermes prides itself on having a consultative process with clients when determining its engagement priorities, and UTAM is an active participant in this process. Climate change has emerged as the top Hermes engagement priority.

Yes

Please describe

Active ownership activities to encourage TCFD adoption are undertaken by our engagement service provider, as well as by the Canadian Coalition for Good Governance where in some cases our President and Chief Investment Officer participates in the engagements. We also actively engage on TCFD adoption as a signatory to Climate Action 100+.

- No, we do not undertake active ownership activities.
- No, we do not undertake active ownership activities to encourage TCFD adoption.

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

- Yes

Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- Yes

Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>All of our internally managed cash is on deposit with Canadian financial institutions. In determining where to deposit cash, we consider the deposit rates offered, credit ratings, and MSCI ESG ratings.</td>
</tr>
</tbody>
</table>

TRANSPARENCY
SG 17.1 Describe how you address ESG issues for externally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Describe what processes are in place and the outputs or outcomes achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed income - Corporate (financial)</td>
<td>We follow the same approach for all asset classes. See our response to OO 11.4.</td>
</tr>
<tr>
<td>Fixed income - Securitised</td>
<td>We follow the same approach for all asset classes. See our response to OO 11.4.</td>
</tr>
<tr>
<td>Property</td>
<td>We follow the same approach for all asset classes. See our response to OO 11.4.</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>We follow the same approach for all asset classes. See our response to OO 11.4.</td>
</tr>
</tbody>
</table>

Hedge funds - DDQ

Select whether you use the PRI Hedge Fund DDQ

- Yes
- No

We follow the same approach for all asset classes. See our response to OO 11.4.

We use our internally developed DDQ which includes questions from the PRI Hedge Fund DDQ and additional questions.

SG 18.1 Indicate whether any specific features of your approach to responsible investment are particularly innovative.

- Yes
- No

In 2019, we significantly enhanced the climate action plan aspect of our approach to responsible investment by adopting an ambitious goal to reduce the carbon footprint the endowment and pension investment portfolios by 40% compared to 2017 levels by the end of 2030. This is one of the most aggressive carbon reduction targets for any Canadian pension or endowment. It exceeds the Government of Canada’s national reduction target of 30% and aligns with UofT’s ultimate goal of achieving “net-zero” carbon emissions.

Our approach is innovative in its comprehensiveness. With respect to the carbon reduction target, most organizations that have one (there are not many) only include public equities. We include both public and private assets.

We also believe our approach is innovative because we’ve shown that even firms of modest size can implement a comprehensive approach to address climate change and responsible investing generally. We believe that what we’ve accomplished can serve as an example for small and mid-sized institutions.

Another innovative element of our approach is that we will strengthen alignment between staff and our objectives by linking compensation of UTAM’s leaders with our implementation of the climate action plan and our progress towards meeting the carbon reduction target.

To achieve our goal, we expect to deploy a variety of tools, including working with our external investment managers to develop lower carbon mandates, investing in and possibly partnering with banks or investment managers to create low-carbon indexes, etc.

SG 19.1 Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

Selection, Appointment and Monitoring

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public.

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL

- How responsible investment considerations are included in manager selection, appointment and monitoring processes
- Details of the responsible investment activities carried out by managers on your behalf
- E, S and/or G impacts and outcomes that have resulted from your managers’ investments and/or active ownership
- Other

Annually
Listed equity - Engagement

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public.

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL

- Details on the overall engagement strategy
- Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals
- Number of engagements undertaken
- Breakdown of engagements by type/topic
- Breakdown of engagements by region
- An assessment of the current status of the progress achieved and outcomes against defined objectives
- Examples of engagement cases
- Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.)
- Details on whether the provided information has been externally assured
- Outcomes that have been achieved from the engagement
- Other information

Annually

https://utam.utoronto.ca/responsible-investing/

Listed equity – (Proxy) Voting

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public.

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL

- Disclose all voting decisions
- Disclose some voting decisions
- Only disclose abstentions and votes against management

Annually

https://utam.utoronto.ca/responsible-investing/
### SAM 01 Mandatory Gateway PRI 1

#### SAM 01.1
Indicate which of the following ESG incorporation strategies you require your external manager(s) to implement on your behalf for all your listed equity and/or fixed income assets:

<table>
<thead>
<tr>
<th>Active investment strategies</th>
<th>Listed Equity</th>
<th>FI - Corporate (non-financial)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Screening</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Thematic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integration</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>None of the above</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Passive investment strategies</th>
<th>FI - SSA</th>
<th>FI - Corporate (non-financial)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Screening</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thematic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>None of the above</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### SAM 01.2 Additional information. [Optional]

We implement responsible investing through an ESG integration approach, which means that we take into account ESG risks and opportunities in our investment decision-making process. However, as directed by our client, we do not invest directly in tobacco-related securities in active mandates and do not invest in funds that have or are expected to have a material exposure to tobacco-related securities.

Integration for passive investment strategies consists primarily of active ownership (i.e., engagement and voting).

### SAM 02 Mandatory Core Assessed PRI 1

#### SAM 02.1
Indicate what RI-related information your organisation typically covers in the majority of selection documentation for your external managers

<table>
<thead>
<tr>
<th>Your organisation’s investment strategy and how ESG objectives relate to it</th>
<th>LE</th>
<th>FI - SSA</th>
<th>FI - Corporate (non-financial)</th>
<th>Private equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESG incorporation requirements</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ESG reporting requirements</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No RI information covered in the selection documentation</td>
<td></td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### SAM 02.2
Explain how your organisation evaluates the investment manager’s ability to align between your investment strategy and their investment approach

<table>
<thead>
<tr>
<th>Strategy</th>
<th>LE</th>
<th>FI - SSA</th>
<th>FI - Corporate (non-financial)</th>
<th>Private equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assess the time horizon of the investment manager’s offering vs. your/beneficiaries’ requirements</td>
<td></td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assess the quality of investment policy and its reference to ESG</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assess the investment approach and how ESG objectives are implemented in the investment process</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review the manager’s firm-level vs. product-level approach to RI</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assess the ESG definitions to be used</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>None of the above</td>
<td></td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### ESG people/oversight

<table>
<thead>
<tr>
<th>LE</th>
<th>FI - SSA</th>
<th>FI - Corporate (non-financial)</th>
<th>Private equity</th>
</tr>
</thead>
</table>
### SAM 02.3 Indicate the selection process and its ESG/RI components

<table>
<thead>
<tr>
<th>LE</th>
<th>FI - SSA</th>
<th>FI - Corporate (non-financial)</th>
<th>Private equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Review ESG/RI responses to RFP, RFI, DDQ etc.
- Review responses to PRI’s Limited Partners’ Responsible Investment Due Diligence Questionnaire (LP DDQ)
- Review publicly available information on ESG/RI
- Review assurance process on ESG/RI data and processes
- Review PRI Transparency Reports
- Request and discuss PRI Assessment Reports
- Meetings with the potential shortlisted managers covering ESG/RI themes
- Site visits to potential managers offices
- Other, specify

### SAM 02.4 When selecting external managers does your organisation set any of the following:

<table>
<thead>
<tr>
<th>LE</th>
<th>FI - SSA</th>
<th>FI - Corporate (non-financial)</th>
<th>Private equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- ESG performance development targets
- ESG score
- ESG weight
- Real world economy targets
- Other RI considerations
- None of the above

### SAM 02.5 Describe how the ESG information reviewed and discussed affects the selection decision making process.[OPTIONAL]

We score potential managers based on two primary categories: (i) ESG relevance to the strategy under consideration; and (ii) the manager’s implementation of ESG integration. Both categories are scored from 1 to 5 and then an overall score is calculated using the two individual category scores. To determine the ESG relevance of a strategy, we focus primarily on the expected holding period of the investment strategy. For example, a strategy with a very short holding period (e.g. days/weeks) would have a low relevance score, while a strategy with a long holding period (e.g. multiple years) such as private equity would have a high relevance score. The manager’s implementation of ESG integration score is based on material provided by the manager (e.g., DDQ, RFI, responsible investing policy, marketing material, etc.) as well as information we gather from the manager during calls and meetings. In addition, in many cases, we will evaluate the underlying positions within a manager’s portfolio from an ESG perspective. For example, in listed equities, we are typically able to obtain the full list of positions within a manager’s portfolio at different points in time. Since we subscribe to MSCI’s ESG ratings, we are able to apply the MSCI ESG ratings to the manager’s historical holdings. This allows us to calculate an overall ESG rating for the manager’s portfolio as well as for each of the E, S and G.
categories. Moreover, it also allows us to identify specific holdings that may have a low ESG rating. We do this at a point in time and over time so that we can identify trends. We also compare the ESG scores to the manager’s relevant benchmark to assess the ESG scores of a manager’s portfolio relative to the ESG scoring of its relevant investment universe. We find it very helpful to look at the actual positions in a manager’s portfolio instead of just relying on a manager’s representation of what they are doing from a responsible investing perspective. We find that by conducting these types of analyses and due diligence independently, we are able to better understand the manager’s investment process and have higher quality conversations with managers. The responsible investing rating that we assign to a manager and the supporting analysis is included in our investment recommendation memo. This includes not only the ESG scoring of the manager’s holdings (described above), but also our internal ESG rating of the manager/strategy, which considers the relevance of ESG to the strategy, the degree of integration of ESG into the manager’s investment process as well as the residual ESG risk of the strategy. Moreover, our recommendation memos also include summaries of discussions we had during the due diligence process with the manager regarding specific holdings that MSCI rated unfavourable from an E, S or G perspective. This recommendation memo is presented to our internal investment committee, which is the committee that approves investment recommendations. Although responsible investing is an important consideration in our evaluation process, it is viewed as another lens through which we evaluate managers. We do not assign weights to the various components of our evaluation process to come up with an overall score for a manager because we believe that the most appropriate way to evaluate managers is to take a holistic approach and consider everything together. We believe that including this additional ESG lens in our process leads to more informed decision-making on our part, and ultimately results in better decisions.

**SAM 03**

<table>
<thead>
<tr>
<th>Mandatory</th>
<th>Additional Assessed</th>
<th>PRI 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SAM 03.3</strong> Describe how you assess if the manager’s voting approach is effective/appropriate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Impact on investment decisions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Impact on ESG profile of company or the portfolio</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Evidence of changes in corporate practices (e.g., ESG policies and implementation activities)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☑ Other, specify</td>
<td></td>
<td></td>
</tr>
<tr>
<td>We review and assess managers’ proxy voting policies and guidelines to gain reasonable assurance that they are effective and appropriate. We may discuss specific voting matters with managers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ None of the above</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SAM 04**

<table>
<thead>
<tr>
<th>Mandatory</th>
<th>Core Assessed</th>
<th>PRI 1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SAM 04.1</strong> Indicate if in the majority of cases and where the structure of the product allows, your organisation does any of the following as part of the manager appointment and/or commitment process</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☑ Sets standard benchmarks or ESG benchmarks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☑ Defines ESG objectives and/or ESG related exclusions/restrictions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☑ Sets incentives and controls linked to the ESG objectives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☑ Requires reporting on ESG objectives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☑ Requires the investment manager to adhere to ESG guidelines, regulations, principles or standards</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Other, specify (1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Other, specify (2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ None of the above</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SAM 04.2**

Provide an example per asset class of your benchmarks, objectives, incentives/controls and reporting requirements that would typically be included in your managers’ appointment.

<table>
<thead>
<tr>
<th>Asset class</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ Listed equity (LE)</td>
</tr>
</tbody>
</table>

**Benchmark**

| ☑ Standard benchmark |
| ☐ ESG benchmark, specify |

**ESG Objectives**

| ☑ ESG related strategy, specify |
| ☐ ESG related investment restrictions, specify |
| ☑ ESG integration, specify |

We expect investment managers to incorporate ESG considerations into their investment processes when they believe such considerations are relevant and material.

| ☐ Engagement, specify |
| ☑ Voting, specify |

In segregated account equity mandates we require our managers to surrenders proxy voting to ISS and use their Sustainability policy and guidelines. In commingled fund mandates where the University of Toronto’s Pension and Endowment are the only investors, we are typically able to have the manager surrender proxy voting to ISS and use their Sustainability policy and guidelines.

☑ Promoting responsible investment

In our appointment process, and included in agreements (e.g., side letters) wherever possible, we include a statement requiring the investment manager to acknowledge that we are a PRI signatory. In the process of including this, particularly with investment managers that are not already signatories, there are often opportunities to promote the benefits of becoming a PRI signatory. This is one of many ways that we promote the benefits of becoming a PRI signatory with our managers.

| ☑ ESG specific improvements |
| ☐ Other, specify |
Incentives and controls
- We do not set incentives and controls

Reporting requirements
- Monthly
- Quarterly
- Bi-annually
- Annually
- Ad-hoc/when requested
- Fixed income - SSA (SSA)

Benchmark
- Standard benchmark, specify
  - FTSE Canada Universe All Government Bond Index (Canada only)
- ESG benchmark, specify

ESG Objectives
- ESG related strategy, specify
- ESG related investment restrictions, specify
- ESG integration, specify
  - We expect investment managers to incorporate ESG considerations into their investment processes when they believe such considerations are relevant and material.
- Engagement, specify
- Voting, specify
  - Promoting responsible investment
  - In our appointment process, and included in agreements (e.g., side letters) wherever possible, we include a statement requiring the investment manager to acknowledge that we are a PRI signatory. In the process of including this, particularly with investment managers that are not already signatories, there are often opportunities to promote the benefits of becoming a PRI signatory. This is one of many ways that we promote the benefits of becoming a PRI signatory with our managers.
- ESG specific improvements
- Other, specify

Incentives and controls
- We do not set incentives and controls

Reporting requirements
- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly
- Fixed income - Corporate (non-financial)

Benchmark
- Standard benchmark, specify
  - FTSE Canada All Corporate Universe
- ESG benchmark, specify

ESG Objectives
- Other, specify
- ESG related strategy, specify
- ESG related investment restrictions, specify
- ESG integration, specify
  - While acknowledging that an investment manager’s assessment of a bond takes into account many factors, we expect investment managers to include ESG considerations in their investment processes when they believe such considerations are relevant and material.
- Engagement, specify
- Voting, specify
  - Promoting responsible investment
  - In our appointment process, and included in agreements (e.g., side letters) wherever possible, we include a statement requiring the investment manager to acknowledge that we are a PRI signatory. In the process of including this, particularly with investment managers that are not already signatories, there are often opportunities to promote the benefits of becoming a PRI signatory. This is one of many ways that we promote the benefits of becoming a PRI signatory with our managers.
In our appointment process, and included in agreements (e.g., side letters) wherever possible, we include a statement requiring the investment manager to acknowledge that we are a PRI signatory. In the process of including this, particularly with investment managers that are not already signatories, there are often opportunities to promote the benefits of becoming a PRI signatory. This is one of many ways that we promote the benefits of becoming a PRI signatory with our managers.

- ESG specific improvements
- Other, specify

**Incentives and controls**
- We do not set incentives and controls

**Reporting requirements**
- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly

**Private equity**

**Benchmark**
- Standard benchmark, specify
- Absolute return based hurdle
- ESG benchmark, specify

**ESG Objectives**
- ESG related strategy, specify
- ESG related investment restrictions, specify
- ESG integration, specify

While acknowledging that an investment manager’s assessment of a company takes into account many factors, we expect investment managers to incorporate ESG considerations into their investment processes when they believe such considerations are relevant and material.

- Engagement, specify
- Voting, specify
- Promoting responsible investment

- While in our appointment process, and included in agreements (e.g., side letters) wherever possible, we include a statement requiring the investment manager to acknowledge that we are a PRI signatory. In the process of including this, particularly with investment managers that are not already signatories, there are often opportunities to promote the benefits of becoming a PRI signatory. This is one of many ways that we promote the benefits of becoming a PRI signatory with our managers.

- ESG specific improvements
- Other, specify

**Incentives and controls**
- We do not set incentives and controls

**Reporting requirements**
- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly

**SAM 04.3** Indicate which of these actions your organisation might take if any of the requirements are not met
- Discuss requirements not met and set project plan to rectify
- Place investment manager on a "watch list"
- Track and investigate reason for non-compliance
- Re-negotiate fees
- Failing all actions, terminate contract with the manager
- Other, specify
- No actions are taken if any of the ESG requirements are not met

**SAM 06.1** When monitoring managers, indicate which of the following active ownership information your organisation typically reviews and evaluates from the investment manager in meetings/calls
- (Proxy) voting

**SAM 06**

<table>
<thead>
<tr>
<th>Mandatory</th>
<th>Additional Assessed</th>
<th>PRI 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAM 06.1</td>
<td>When monitoring managers, indicate which of the following active ownership information your organisation typically reviews and evaluates from the investment manager in meetings/calls</td>
<td>LE</td>
</tr>
</tbody>
</table>
Report on voting undertaken (with outcomes and examples) - LE

Report on voting decisions taken - LE

Adherence with the agreed upon voting policy - LE

Other RI considerations relating to (proxy) voting in investment management agreements; specify - LE

None of the above - LE

SAM 07
Mandatory
Core Assessed
PRI 2

**SAM 07.1** For the listed equities for which you have given your external managers a (proxy) voting mandate, indicate the approximate percentage (± 5%) of votes that were cast during the reporting year.

<table>
<thead>
<tr>
<th>Votes cast (to the nearest 5%)</th>
<th>100%</th>
</tr>
</thead>
</table>

Specify the basis on which this percentage is calculated.

- Of the total number of ballot items on which they could have issued instructions
- Of the total number of company meetings at which they could have voted
- Of the total value of your listed equity holdings on which they could have voted

We do not collect this information.

SAM 08
Mandatory to Report, Voluntary to Disclose
Descriptive
PRI 1

**SAM 08.1** Describe how you ensure that best RI practice is applied to managing your assets

- Encourage improved RI practices with existing investment managers
- Move assets over to investment managers with better RI practices
- Other, specify
- None of the above

SAM 09
Mandatory
Additional Assessed
PRI 1,6

**SAM 09.1** Provide examples of how ESG issues have been addressed in the manager selection, appointment and/or monitoring process for your organisation during the reporting year.

<table>
<thead>
<tr>
<th>Topic or issue</th>
<th>Manager engagement activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conducted by</td>
<td>Internal staff</td>
</tr>
<tr>
<td>Asset class</td>
<td>Listed Equity</td>
</tr>
<tr>
<td>Scope and process</td>
<td>A number of our fundamental equity managers consider active engagements with corporate management teams a key part of their investment processes. While we take detailed notes of our meetings with managers, we felt we could do more to systematically track and monitor company engagements discussed during the meetings.</td>
</tr>
<tr>
<td>Outcomes</td>
<td>In 2019, we worked with our document management system provider to create a new field in our meeting note template to specifically track the engagement activities of our fundamental equity managers. This will allow us to better monitor the success of these engagements and how they fit into the manager’s overall investment process. In addition, it may help us to put like-minded managers in touch with one another on similar engagements.</td>
</tr>
</tbody>
</table>

**Add Example 2**

<table>
<thead>
<tr>
<th>Topic or issue</th>
<th>Comprehensive incorporation of ESG and becoming a signatory to the PRI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conducted by</td>
<td>Internal staff</td>
</tr>
<tr>
<td>Asset class</td>
<td>Fixed income – corporate (non financial)</td>
</tr>
</tbody>
</table>
**Scope and process**

We regularly talk to our managers about the importance of ESG integration and the benefits of becoming a signatory to the PRI. One of our fixed-income managers was taking some elements of ESG into account, but in part because of our encouragement, they adopted a more comprehensive and systematic approach to ESG integration, and they became a signatory to the PRI.

**Outcomes**

The manager improved their incorporation of ESG factors into their investment decision-making processes and joined the PRI in 2019.

---

**Add Example 3**

**Topic or issue**

ESG incorporation and reporting

**Conducted by**

Internal staff

**Asset class**

Private equity

**Scope and process**

In regular discussions with investment managers, we encourage them to incorporate ESG considerations into their investment processes, to establish and maintain ESG policies, and to include ESG matters in their regular reporting.

**Outcomes**

As part of our due diligence and upon request, and in reliance on our standing as PRI signatory (along with that of other like-minded investors), a private equity manager agreed that it intends to maintain policies regarding the implementation of environmental, social and governance principles applicable to portfolio companies with respect to which its fund exercises control.

---

**Add Example 4**

**Topic or issue**

Inclusion of ESG reporting expectations into investment appointment agreements.

**Conducted by**

Internal staff

**Asset class**

All asset classes

**Scope and process**

In the process of appointing investment managers, we seek to include provisions in investment management agreements and side letters that reflect our ESG reporting expectations. These expectations include, but are not necessarily limited to, reporting of material ESG incidents impacting portfolio holdings.

**Outcomes**

Generally, we are able to either reach agreement on inclusions of ESG reporting expectations in appointment agreements or reach an understanding that, although not included in appointment agreements, will otherwise be provided.

---

*We are not able to provide examples*
### LEA 01.1
Indicate whether your organisation has an active ownership policy (includes engagement and/or voting).

- Yes

### LEA 01.2
Attach or provide a URL to your active ownership policy.

- Attachment provided:
- URL provided:
  https://utam.utoronto.ca/responsible-investing/

### LEA 01.3
Indicate what your active engagement policy covers:

**General approach to Active Ownership**
- Conflicts of interest
- Alignment with national stewardship code requirements
- Assets/funds covered by active ownership policy
- Expectations and objectives
- Engagement approach

**Engagement**
- ESG issues
- Prioritisation of engagement
- Methods of engagement
- Transparency of engagement activities
- Due diligence and monitoring process
- Insider information
- Escalation strategies
- Service Provider specific criteria
- Other, (specify)

**Voting**
- ESG issues
- Prioritisation and scope of voting activities
- Methods of voting
- Transparency of voting activities
- Regional voting practice approaches
- Filing or co-filing resolutions
- Company dialogue pre/post-vote
- Decision-making processes
- Securities lending processes
- Other, (specify)

- Other
- None of the above

### LEA 01.4
Do you outsource any of your active ownership activities to service providers?

- Yes

### LEA 01.5
Where active ownership activities are conducted by service providers, indicate whether your active ownership policy covers any of the following:

- Outline of service provider’s role in implementing your organisation’s active ownership policy
- Description of considerations included in service provider selection and agreements
- Identification of key ESG frameworks which service providers must follow
- Outline of information sharing requirements of service providers
- Description of service provider monitoring processes
- Other, (specify)
- None of the above

- No
We are committed to active ownership as a part of our responsible investment activities. This includes exercising our shareholder rights taking into account ESG considerations and engaging with companies on ESG-related topics, either directly or through various organizations and initiatives. In both instances, our goal is to influence the management of ESG risks and opportunities and improve transparency believing that sound corporate governance is an essential element of effective company management and long-term performance; it is essential for companies to address risk effectively. Our proxy voting and engagement activities are ways in which we work to achieve this goal.

UTAM has been a member of the Canadian Coalition for Good Governance (CCGG) since 2008, endorsing their stewardship principles, which speak to the fiduciary obligations of institutional investors in meeting their obligations to their beneficiaries or clients. CCGG engages with Canadian public companies on behalf of institutional investors to promote good governance practices in Canada. UTAM’s President and Chief Investment Officer joined the board of the CCGG in 2019 and now participates in selective CCGG’s engagement activities.

We participate in formal engagement collaborations through membership, alignment or service arrangements with various organizations, however, we also participate in engagements directly through collaborations such as Climate Action 100+, the 30% Club Canada Investor Group, and, as mentioned above, through the CCGG. We also participate selectively in engagements undertaken by our engagement service provider.

Informal collaborations involve like-minded investors coming together to advocate on matters of interest to all participants. We will participate in these wherever it is likely to be of benefit to the University.

Our engagement service provider’s approach is based on constructive and confidential company dialogue and on building a relationship of trust, where over time they seek to understand how companies manage ESG risks linked to their activities. They will encourage improvement in ESG management should they deem existing practices insufficient to respond to ESG risks and/or opportunities. We are actively involved in the selection of engagement themes and the companies with which to engage, and, as noted above, participate in selected engagements.

**LEA 02.1** Indicate the method of engagement, giving reasons for the interaction.

<table>
<thead>
<tr>
<th>Type of engagement</th>
<th>Reason for Interaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual / Internal staff engagements</td>
<td>☑ To influence corporate practice (or identify the need to influence it) on ESG issues</td>
</tr>
<tr>
<td></td>
<td>☑ To encourage improved/increased ESG disclosure</td>
</tr>
<tr>
<td></td>
<td>☑ To gain an understanding of ESG strategy and/or management</td>
</tr>
<tr>
<td></td>
<td>☑ We do not engage via internal staff</td>
</tr>
<tr>
<td>Collaborative engagements</td>
<td>☑ To influence corporate practice (or identify the need to influence it) on ESG issues</td>
</tr>
<tr>
<td></td>
<td>☑ To encourage improved/increased ESG disclosure</td>
</tr>
<tr>
<td></td>
<td>☑ To gain an understanding of ESG strategy and/or management</td>
</tr>
<tr>
<td></td>
<td>☑ We do not engage via collaborative engagements</td>
</tr>
<tr>
<td>Service provider engagements</td>
<td>☑ To influence corporate practice (or identify the need to influence it) on ESG issues</td>
</tr>
<tr>
<td></td>
<td>☑ To encourage improved/increased ESG disclosure</td>
</tr>
<tr>
<td></td>
<td>☑ To gain an understanding of ESG strategy and/or management</td>
</tr>
<tr>
<td></td>
<td>☑ We do not engage via service providers</td>
</tr>
</tbody>
</table>

**LEA 02.2** Indicate whether your organisation plays a role in the engagement process that your service provider conducts.

- Yes

**LEA 02.3** Indicate the role(s) you play in engagements that your service provider conducts on your behalf.

- ☑ We discuss the topic of the engagement (or ESG issue(s)) of engagement
- ☑ We discuss the rationale for the engagement
- ☑ We discuss the objectives of the engagement
- ☑ We select the companies to be engaged with
- ☑ We discuss the frequency/intensity of interactions with companies
- ☑ We discuss the next steps for engagement activity
- ☑ We participate directly in certain engagements with our service provider
- ☐ Other, specify
- ☐ We play no role in engagements that our service provider conducts.

**LEA 02.4** Additional information. [Optional]

One of the pillars of a best-in-class active ownership approach is engagement with the management and boards of equity and fixed income issuers on ESG considerations. The objectives of engagement include seeking to better understand a company’s position on various issues and communicating our views, with the goal of improving the management of ESG risks and opportunities at portfolio companies as well as ensuring that the ESG practices and promotions of enhanced disclosure and transparency. We believe that sound management of ESG risks and opportunities is essential for long-term outperformance.

Given our size and the fact that we invest through third-party investment managers, we typically undertake engagement activities as part of collaborative groups, and through an engagement service provider. We believe that the combined influence of like-minded investors with substantial combined holdings will typically lead to better outcomes than we could achieve on our own.

We participate in formal engagement collaborations through memberships in various organizations, by teaming up with other like-minded investors, and by using service providers to engage on our behalf. We have a consultative process managed by our Responsible Investing Committee to determine in which collaborations to participate. In order to identify and prioritize collaborative engagements, we use a number of criteria including our ability to add value to
the collaboration, the materiality of the specific ESG risks to be addressed, and the potential impact on client portfolios.

Our service provider, EOS at Federated Hermes, offers quarterly service review meetings and opportunities to influence the engagement selection process as well as ad-hoc engagement progress discussions and direct participation in engagements where appropriate at our request. In practice, we conduct regular discussions with them on engagement priorities, key objectives, progress in meeting those objectives and outcomes achieved. We endeavour to participate selectively in their engagement activities from time to time. Our service provider systematically makes stewardship activity reports available to us via its EOS client portal, which is regularly updated, enabling a company-level view of engagement objectives and issues and activity.

We monitor all of our collaborative engagement activities to assess their effectiveness.

We regularly report on the progress of collaborative engagements both internally and externally to stakeholders and we may share insights from engagement activities with external investment managers where relevant.

**LEA 03**

**Mandatory**

**Core Assessed**

**PRI 2**

<table>
<thead>
<tr>
<th>LEA 03.1</th>
<th>Indicate whether your organisation has a formal process for identifying and prioritising engagements.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Yes</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LEA 03.2</th>
<th>Indicate the criteria used to identify and prioritise engagements for each type of engagement.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Type of engagement</th>
<th>Criteria used to identify/prioritise engagements</th>
</tr>
</thead>
</table>
| Individual / Internal staff engagements | ☑ Geography/market of the companies  
| | ☑ Materiality of the ESG factors  
| | ☑ Exposure (size of holdings)  
| | ☑ Responses to ESG impacts that have already occurred  
| | ☑ Responses to divestment pressure  
| | ☑ Consultation with clients/beneficiaries  
| | ☑ Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)  
| | ☑ Follow-up from a voting decision  
| | ☑ Client request  
| | ☑ Breaches of international norms  
| | ☑ Other; (specify)  
| | ☑ We do not outline engagement criteria for our individual engagements |
| Collaborative engagements | ☑ Potential to enhance knowledge of ESG issues through other investors  
| | ☑ Ability to have greater impact on ESG issues  
| | ☑ Ability to add value to the collaboration  
| | ☑ Geography/market of the companies targeted by the collaboration  
| | ☑ Materiality of the ESG factors addressed by the collaboration  
| | ☑ Exposure (size of holdings) to companies targeted by the collaboration  
| | ☑ Responses to ESG impacts addressed by the collaboration that have already occurred  
| | ☑ Responses to divestment pressure  
| | ☑ Follow-up from a voting decision  
| | ☑ Alleviate the resource burden of engagement  
| | ☑ Consultation with clients/beneficiaries  
| | ☑ Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)  
| | ☑ Other; (specify)  
| | ☑ We do not outline engagement criteria for our collaborative engagement providers |
Our service provider, EOS at Federated Hermes, further considers the potential incremental benefit and impact of its engagement as well as the feasibility of engagement.

We do not outline engagement criteria for our service providers.

Our strategy and approach to engagement is described in our Responsible Investing Policy and our annual Responsible Investing Reports published on our website at https://www.utam.utoronto.ca/responsible-investing/

Given our size and the fact that we invest through third-party investment managers, we typically undertake engagement activities as part of collaborative groups. We believe that the combined influence of like-minded investors with substantial combined holdings will typically lead to better outcomes than we could achieve on our own.

Under some circumstances, we may initiate engagements on our own.

Our service provider EOS at Federated Hermes conducts engagements using specific milestone-driven objectives for most companies in its engagement program.
Collaborative engagements

- Yes, in all cases
- Yes, in a majority of cases
- Yes, in a minority of cases
- We do not monitor, or review engagement outcomes when the engagement is carried out through collaboration.

Service-provider engagements

- Yes, in all cases
- Yes, in a majority of cases
- Yes, in a minority of cases
- We do not monitor, or review engagement outcomes when the engagement is carried out by our service providers.

LEA 05.2
Indicate whether you do any of the following to monitor and/or review the progress of engagement activities.

<table>
<thead>
<tr>
<th>Type of engagement</th>
<th>Define timelines/milestones for your objectives</th>
<th>Track and/or monitor progress against defined objectives and/or KPIs</th>
<th>Track and/or monitor the progress of action taken when original objectives are not met</th>
<th>Revisit and, if necessary, revise objectives on a continuous basis</th>
<th>Other; specify</th>
<th>Other; specify</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual / Internal staff engagements</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collaborative engagements</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service-provider engagements</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

LEA 05.3
Additional information. [Optional]
As we mainly either participate in collaborative engagements or service provider engagements, we either receive or develop progress reports on each engagement identifying actions, progress and outcomes against the objectives stated at the outset or as they evolve over time.

LEA 06
Mandatory
Additional Assessed
PRI 2,4

LEA 06.1
Indicate whether your organisation has an escalation strategy when engagements are unsuccessful.

- Yes

LEA 06.2
Indicate the escalation strategies used at your organisation following unsuccessful engagements.

- ✔️ Collaborating with other investors
- ✔️ Issuing a public statement
- ✔️ Filing/submitting a shareholder resolution
- ✔️ Voting against the re-election of the relevant directors
- ✔️ Voting against the board of directors or the annual financial report
- ✔️ Submitting nominations for election to the board
- ✔️ Seeking legal remedy / litigation
- ✔️ Reducing exposure (size of holdings)
- ✔️ Divestment
- ✔️ Other; specify
- No

LEA 06.3
Additional information. [Optional]
Our service provider EOS at Federated Hermes continually reviews the progress of its engagements and considers whether to intensify efforts and escalate the engagement or modify the objectives as the situation requires. Our service provider keeps us informed of the progress through quarterly reporting as well as a client portal. For collaborative engagements, escalation would be determined on a case by case basis.

LEA 07
Voluntary
Additional Assessed
PRI 1,2

LEA 07.1
Indicate whether insights gained from your organisation’s engagements are shared with investment decision-makers.

<table>
<thead>
<tr>
<th>Type of engagement</th>
<th>Insights shared</th>
</tr>
</thead>
</table>

TRANSPARENCY
<table>
<thead>
<tr>
<th>Individual / Internal staff engagements</th>
<th>Yes, systematically</th>
<th>Yes, occasionally</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaborative engagements</td>
<td>Yes, systematically</td>
<td>Yes, occasionally</td>
<td>No</td>
</tr>
<tr>
<td>Service-provider engagements</td>
<td>Yes, systematically</td>
<td>Yes, occasionally</td>
<td>No</td>
</tr>
</tbody>
</table>

**LEA 07.2** Indicate the practices used to ensure that information and insights gained through engagements are shared with investment decision-makers.

- Involving investment decision-makers when developing an engagement programme
- Holding investment team meetings and/or presentations
- Using IT platforms/systems that enable data sharing
- Internal process that requires portfolio managers to re-balance holdings based on interaction and outcome levels
- Other; specify

Investments decision-makers, specifically the Chief Investment Officer, participates in select engagements and shares insights with other members of the investment team.
- None

**LEA 07.3** Indicate whether insights gained from your organisation’s engagements are shared with your clients/beneficiaries.

<table>
<thead>
<tr>
<th>Type of engagement</th>
<th>Insights shared</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual/Internal staff engagements</td>
<td>Yes, systematically</td>
</tr>
<tr>
<td>Collaborative engagements</td>
<td>Yes, systematically</td>
</tr>
<tr>
<td>Service-provider engagements</td>
<td>Yes, systematically</td>
</tr>
</tbody>
</table>

**LEA 07.4** Additional information. [Optional]

In some engagement efforts, confidentiality is required; however, where outcomes from engagements are or can be made public, we may highlight these to our stakeholders through an update to our website. We also include in our annual Responsible Investing Reports case studies of engagements that we participate in collaboratively or through our service provider on our behalf. We actively monitor and review the activities of our service provider, EOS at Federated Hermes, through quarterly calls and regular reports. EOS at Federated Hermes provides a client-facing portal that allows us to refer to the full history of engagement with each company and track progress.

**LEA 08** Mandatory Gateway PRI 2

**LEA 08.1** Indicate whether you track the number of your engagement activities.

<table>
<thead>
<tr>
<th>Type of engagement</th>
<th>Tracking engagements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual/Internal staff engagements</td>
<td>Yes, we track the number of our engagements in full</td>
</tr>
<tr>
<td>Collaborative engagements</td>
<td>Yes, we track the number of collaborative engagements in full</td>
</tr>
<tr>
<td>Service-provider engagements</td>
<td>Yes, we track the number of service-provider engagements in full</td>
</tr>
</tbody>
</table>

**LEA 08.2** Additional information. [Optional]
We track engagement activities based on reports provided by collaboration groups and service providers, reporting to our stakeholders annually on an aggregated basis and providing examples of engagements undertaken. This reporting is available on our website at https://utam.utoronto.ca/. EOS at Federated Hermes’ regular reporting provides full disclosure on the number of engagements conducted on our behalf.

### LEA 09

#### LEA 09.1

Indicate the proportion of companies in your listed equities portfolio with which your organisation engaged during the reporting year.

<table>
<thead>
<tr>
<th>Individual / Internal staff engagements</th>
<th>We did not complete any engagements in the reporting year.</th>
<th>Number of companies engaged</th>
<th>Proportion of companies engaged with, out of total listed equities portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>We did not complete any engagements in the reporting year.</td>
<td>10</td>
<td>1</td>
</tr>
</tbody>
</table>

| Collaborative engagements | We did not complete any engagements in the reporting year. | 8 | 1 |

| Service-provider engagements | We did not complete any engagements in the reporting year. | 692 | 5 |

#### LEA 09.2

Indicate the breakdown of engagements conducted within the reporting year by the number of interactions (including interactions made on your behalf).

<table>
<thead>
<tr>
<th>No. of interactions with a company</th>
<th>% of engagements</th>
</tr>
</thead>
<tbody>
<tr>
<td>One interaction</td>
<td></td>
</tr>
<tr>
<td>&gt;76%</td>
<td></td>
</tr>
<tr>
<td>51-75%</td>
<td></td>
</tr>
<tr>
<td>11-50%</td>
<td></td>
</tr>
<tr>
<td>1-10%</td>
<td></td>
</tr>
<tr>
<td>None</td>
<td></td>
</tr>
</tbody>
</table>

| 2 to 3 interactions               |                  |
| >76%                              |                  |
| 51-75%                            |                  |
| 11-50%                            |                  |
| 1-10%                             |                  |
| None                              |                  |

| More than 3 interactions          |                  |
| >76%                              |                  |
| 51-75%                            |                  |
| 11-50%                            |                  |
| 1-10%                             |                  |
| None                              |                  |

Total 100%

#### LEA 09.3

Indicate the percentage of your collaborative engagements in which you were the leading organisation during the reporting year.

<table>
<thead>
<tr>
<th>Type of engagement</th>
<th>% leading role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaborative engagements</td>
<td>&gt;50%</td>
</tr>
<tr>
<td>10-50%</td>
<td></td>
</tr>
<tr>
<td>=10%</td>
<td></td>
</tr>
<tr>
<td>None</td>
<td></td>
</tr>
</tbody>
</table>

#### LEA 09.4

Indicate the percentage of your service-provider engagements in which you had some involvement during the reporting year.

<table>
<thead>
<tr>
<th>Type of engagement</th>
<th>% of engagements with some involvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service-provider engagements</td>
<td>&gt;50%</td>
</tr>
<tr>
<td>=10-50%</td>
<td></td>
</tr>
<tr>
<td>&lt;10%</td>
<td></td>
</tr>
<tr>
<td>None</td>
<td></td>
</tr>
</tbody>
</table>

### LEA 10

#### LEA 10.1

Indicate which of the following your engagement involved.

- Letters and emails to companies
  - In a minority of cases
In a majority of cases
☐ In all cases

Meetings and/or calls with board/senior management

☒ In a minority of cases
☐ In a majority of cases
☐ In all cases

Meetings and/or calls with the CSR, IR or other management

☐ In a minority of cases
☒ In a majority of cases
☐ In all cases

Visits to operations

☒ In a minority of cases
☐ In a majority of cases
☐ In all cases

Visits to supplier(s) in supplier(s) from the company’s supply chain

☒ In a minority of cases
☐ In a majority of cases
☐ In all cases

Participation in roadshows

☒ In a minority of cases
☐ In a majority of cases
☐ In all cases

Other

(specify)

Attending shareholder meetings.

☒ In a minority of cases
☐ In a majority of cases
☐ In all cases

LEA 10.2 Additional information. [Optional]

Our engagement service provider determines, for the companies that it covers, the appropriate ways in which to engage. Collaborative engagements typically include one or more of the following activities: letters, emails, meetings, and calls.

LEA 11 Voluntary Descriptive PRI 2

<table>
<thead>
<tr>
<th>LEA 11.1 Provide examples of the engagements that your organisation or your service provider carried out during the reporting year.</th>
<th>☒ Add Example 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESG Topic</td>
<td>Climate Change</td>
</tr>
<tr>
<td>Conducted by</td>
<td>Service provider</td>
</tr>
<tr>
<td>Objectives</td>
<td>EOS has pressed companies to set science-based targets, conduct climate risk stress tests, and make enhanced disclosures. It has also asked companies to link executive pay to the achievement of climate change outcomes and to ensure they do not lobby policymakers or regulators to hinder the achievement of the Paris Agreement goals. In 2019, EOS continued to participate in collaborative investor initiative Climate Action 100+, which targets over 100 of the world’s largest corporate greenhouse gas emitters. The aim is to curb emissions, strengthen climate-related financial disclosures, and improve governance on climate change risk and opportunities. The ultimate goal is to help limit global warming to less than 2°C, consistent with the Paris Agreement.</td>
</tr>
<tr>
<td>Scope and Process</td>
<td>EOS took an active role as lead or co-lead engager for 27 companies in this initiative, which has attracted over 370 investors with over $35 trillion under management. In 2019 EOS attended six annual shareholder meetings to promote action on the climate crisis – a mining company, an oil major, a utility, and three car manufacturers. EOS also helped to co-ordinate the work of the Institutional Investors Group on Climate Change’s shareholder resolutions sub-group, identifying companies that could be potential targets for climate change-related resolutions, and the utilities sector sub-group, formulating and coordinating engagement strategies for the sector.</td>
</tr>
<tr>
<td>Outcomes</td>
<td>Company changed practice</td>
</tr>
<tr>
<td>☒ Add Example 2</td>
<td></td>
</tr>
<tr>
<td>ESG Topic</td>
<td>Labour practices and supply chain management</td>
</tr>
</tbody>
</table>
**Conducted by Service provider**

**Objectives**
EOS engages on critical human rights issues including eradicating forced labour and child labour in supply chains. Many companies rely on global supply chains to access labour in low-cost regions, but the fragmented and opaque nature of these chains heightens the risk of human rights abuses. Traditional, announced audits may not uncover issues – more robust due diligence is needed. EOS engages with companies across five key areas: forced labour and modern slavery, child labour, living wages and purchasing practices, worker voice and gender-specific issues.

**Scope and Process**
EOS engaged with a Malaysian palm oil company over several years following NGO and media reports in 2012 of poor labour conditions at the company’s plantations in Liberia and its suppliers in Indonesia. 2013 saw further allegations of poor labour conditions in its supply chain and EOS urged it to provide clarity on how it was investigating and assessing the steps taken to avoid similar issues in the future. EOS continued to raise these concerns in further calls and correspondence over several years, during which the company appeared to be responding positively to consider improved disclosure and stakeholder outreach. During a call in 2017, the company committed to disclosing its migrant worker management process in its sustainability report – a significant improvement on transparency. In 2018 EOS asked the company to align its labour standards programme and move to industry best practices by reporting in line with the UN Guiding Principles on Business and Human Rights. EOS reiterated this request during calls in 2019 with the head of sustainability.

**Outcomes**
Company changed practice

---

**Conducted by Service provider**

**Objectives**
The objective of this particular engagement, which was with a Japanese utility company was to open up an initial strategic discussion on the future of its energy mix as Japan seeks to meet its eventual goal of net-zero emissions.

**Scope and Process**
An in-person meeting was held with an independent Board director with the agenda of the company’s plans for its future energy mix, and the risks involved with the construction of coal-fired power plants in the context of cancellation of other coal projects in Japan, and other related issues. The discussion questioned how the construction of new coal capacity could be compatible with Japan’s Paris commitments.

**Outcomes**
Increased understanding / information

---

**LEA 12**

<table>
<thead>
<tr>
<th>LEA 12.1</th>
<th>Mandatory</th>
<th>Descriptive</th>
<th>PRI 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicate how you typically make your (proxy) voting decisions.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Approach**
- We use our own research or voting team and make voting decisions without the use of service providers.
- We hire service providers who make voting recommendations and/or provide research that we use to guide our voting decisions.
- We hire service providers who make voting decisions on our behalf, except in some pre-defined scenarios where we review and make voting decisions.
- We hire service providers who make voting decisions on our behalf.

**Based on**
- The service-provider voting policy we sign off on
- Our own voting policy
- Our clients’ requests or policies
- Other (explain)

**LEA 12.2**
Provide an overview of how you ensure that your agreed-upon voting policy is adhered to, giving details of your approach when exceptions to the policy are made.

Towards the end of 2016, we engaged ISS for its Sustainability Policy and Guidelines. ISS votes ballots on our behalf for listed equities held in separate/segregated account mandates and in certain commingled fund mandates where the University of Toronto’s Pension and Endowment are the only investors. The Sustainability Policy and Guidelines was selected as it aligns with our objective of incorporating ESG considerations in our investment decision making. These guidelines focus on long-term economic value preservation and enhancement through the promotion of corporate governance best practices that mitigate risks to shareholders, but also reflect the recognition that ESG factors could present material risks to portfolio investments.

We monitor the way in which the guidelines are applied and, generally, we do not anticipate making exceptions. In some instances, external investment managers may make or request exceptions and, in those cases, we will evaluate the circumstances of the exception.

We review the effectiveness of this process at the end of each proxy-voting season to enable us to assess whether any process changes are warranted.
### LEA 14 Voluntary Additional Assessed

**LEA 14.1** Does your organisation have a securities lending programme?

- **Yes**

**LEA 14.3** Indicate how the issue of voting is addressed in your securities lending programme.

- We recall all securities for voting on all ballot items
- We maintain some holdings, so that we can vote at any time
- We systematically recall some securities so that we can vote on their ballot items (e.g., in line with specific criteria)
- We recall some securities so that we can vote on their ballot items on an ad-hoc basis
- We empower our securities-lending agent to decide when to recall securities for voting purposes
- We do not recall our securities for voting purposes
- Other (specify)

**LEA 14.4** Additional information. [Optional]

- Our default instruction to our securities lending agent is to recall all securities for voting on all ballot items. The securities lending agent has committed to implementing this on a best efforts basis.

### LEA 15 Mandatory Descriptive

**LEA 15.1** Indicate the proportion of votes participated in within the reporting year in which where you or the service providers acting on your behalf raised concerns with companies ahead of voting.

- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- Neither we nor our service provider(s) raise concerns with companies ahead of voting

**LEA 15.2** Indicate the reasons for raising your concerns with these companies ahead of voting.

- Vote(s) concerned selected markets
- Vote(s) concerned selected sectors
- Vote(s) concerned certain ESG issues
- Vote(s) concerned companies exposed to controversy on specific ESG issues
- Vote(s) concerned significant shareholdings
- Client request
- Other

**Explain**

On a case by case basis depending upon the issues under consideration.

### LEA 16 Mandatory Core Assessed

**LEA 16.1** Indicate the proportion of votes where you, and/or the service provider(s) acting on your behalf, communicated the rationale to companies for abstaining or voting against management recommendations. Indicate this as a percentage out of all eligible votes.

- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- We do not communicate the rationale to companies
- Not applicable because we and/or our service providers did not abstain or vote against management recommendations

### LEA 17 Mandatory Core Assessed

**LEA 17.1** For listed equities in which you or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

- We do track or collect this information

**Votes cast (to the nearest 1%)**

- 99%

**Specify the basis on which this percentage is calculated**
Of the total number of ballot items on which you could have issued instructions
Of the total number of company meetings at which you could have voted
Of the total value of your listed equity holdings on which you could have voted
☐ We do not track or collect this information

**LEA 17.2**  Explain your reason(s) for not voting on certain holdings

☐ Shares were blocked
☐ Notice, ballots or materials not received on time
☐ Missed deadline
☐ Geographical restrictions (non-home market)
☐ Cost
☐ Conflicts of interest
☐ Holdings deemed too small
☐ Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)
☐ Client request
☐ Other (explain)

**LEA 18**  Voluntary  Additional Assessed  PRI 2

**LEA 18.1**  Indicate whether you track the voting instructions that you or your service provider on your behalf have issued.

☐ Yes, we track this information

**LEA 18.2**  Of the voting instructions that you and/or third parties on your behalf have issued, indicate the proportion of ballot items that were:

<table>
<thead>
<tr>
<th>Voting instructions</th>
<th>Breakdown as percentage of votes cast for (supporting) management recommendations</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>90%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

☐ No, we do not track this information

**LEA 18.3**  In cases where your organisation voted against management recommendations, indicate the percentage of companies which you have engaged.

0

**LEA 19**  Mandatory  Core Assessed  PRI 2

**LEA 19.1**  Indicate whether your organisation has a formal escalation strategy following unsuccessful voting.

☐ Yes
☐ No

**LEA 20**  Voluntary  Descriptive  PRI 2

**LEA 20.1**  Indicate whether your organisation, directly or through a service provider, filed or co-filed any ESG shareholder resolutions during the reporting year.

☐ Yes
☐ No

**LEA Checks**  Checks

☐ If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.
### CM1 01
**Mandatory**

#### CM1 01.1
**Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:**

- Third party assurance over selected responses from this year’s PRI Transparency Report
- Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year
- Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year)
  - Internal verification of responses before submission to the PRI (e.g. by the CEO or the board)
- None of the above

### CM1 02
**Mandatory**

#### CM1 02.1
**We undertook third party assurance on last year’s PRI Transparency Report:**

- Whole PRI Transparency Report was assured last year
- Selected data was assured in last year’s PRI Transparency Report
- We did not assure last year’s PRI Transparency report
- None of the above, we were in our preparation year and did not report last year.

### CM1 03
**Mandatory**

#### CM1 03.1
**We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:**

- We adhere to an RI certification or labelling scheme
- We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year’s PRI Transparency Report
- ESG audit of holdings
  - Other, specify
- None of the above

### CM1 04
**Mandatory**

#### CM1 04.1
**Do you plan to conduct third party assurance of this year’s PRI Transparency report?**

- Whole PRI Transparency Report will be assured
- Selected data will be assured
  - We do not plan to assure this year’s PRI Transparency report

### CM1 07
**Mandatory**

#### CM1 07.1
**Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed**

- CEO or other Chief-Level staff
- Sign-off or review of responses
  - Sign-off
  - Review of responses
- The Board
- Investment Committee
- Compliance Function
- RI/ESG Team
- Investment Teams
- Legal Department
- Other (specify)

#### CM1 07.2
**Specify**

- Internal Risk and Research Team (where applicable) and Responsible Investing Committee