



RESPONSIBLE INVESTING POLICY

Category: Board of Trustees
Approval: Board of Trustees
Responsibility: Director, Investment Services
Date: May 12, 2017

Preamble:

The Board of Trustees recognizes that decisions about Responsible Investing take place within a community of diverse stakeholders including faculty, staff, students, alumni and retirees, and that each of these stakeholders has opportunities to participate in this process as outlined and defined in this policy and corresponding procedures.

Definitions:

Responsible Investing: Investment approaches that take environmental, social, and governance (“ESG”) factors into consideration. It is based on the belief that such factors can be material to shareholder value across industries and through time. Where an ESG factor is directly relevant to the financial performance (risk and return) of an investment, it is a relevant and proper consideration.

Fiduciary Responsibilities: In an investment context, Fiduciary Responsibilities include the duties of prudence and loyalty. The duty of prudence requires that investment decisions take into account appropriate plan-specific factors, the specific nature of the investment under consideration, and the investment portfolio at large. The duty of loyalty requires that fiduciaries act honestly, in good faith, in the best financial interests of the beneficiaries, and that all beneficiaries are treated with an even hand. In the case of trusts expected to continue for an extended period, the best financial interest of the beneficiaries should be assessed over the long term.

External Investment Managers: Third-party managers hired by Queen’s University (hereafter the “University”) to invest University funds.

Statement of Investment Policies and Procedures (SIP&P): A Board-approved document that outlines the governance, policies, and procedures relating to management of the University’s investment funds. There is a separate SIP&P for the Queen’s Pension Plan.

Special Requests: The process by which members of the University community can make

representations on Responsible Investing, as outlined in Responsible Investing Procedure #2.

Purpose/Reason for Policy:

One of the primary duties of the Board of Trustees is to safeguard the assets of the University as Trustees are fiduciaries of the institution. As the University is a publicly assisted institution with diverse stakeholders including faculty, staff, students, alumni and retirees, the Board has an obligation to be transparent in its rationale and approach to discharging these Fiduciary Responsibilities, particularly as they pertain to Responsible Investing, as defined above. The purpose of this policy and corresponding set of procedures is to set down the principles that govern Responsible Investing decisions at the University, while recognizing and respecting the roles of the diverse stakeholders that make up the University community.

Scope of this Policy:

The University has many levers to effect positive societal outcomes relating to ESG issues. These include, but are not limited to:

- Research (e.g. environmental)
- Advocating or influencing public policy (e.g. tax incentives/disincentives)
- Responsible Investing practices (e.g. corporate governance)

The scope of this Policy pertains to Responsible Investing practices.

The Board of Trustees has the overall responsibility for the management of the investment funds of the University. To help ensure that its investment responsibilities are met, the Board has appointed a Pension Committee and an Investment Committee. The Pension Committee has responsibility for the Revised Pension Plan of the University, while the Investment Committee has responsibility for the Pooled Endowment Fund, Pooled Investment Fund, Short-Term Fund, and Sinking Fund. The Board of Trustees, the Pension Committee and the Investment Committee all have Fiduciary Responsibilities with regard to the various funds for which they are responsible.

Each committee has developed a SIP&P with the objective of ensuring continued prudent and effective management of the fund(s) under its mandate.

The University employs External Investment Managers to invest the assets of each fund. Depending on the circumstances, the assets are held in either pooled funds (that is, funds in which assets are pooled with other investors) or separate accounts. In the case of separate accounts, terms of the investment mandates are negotiated between the University and the External Investment Manager. In the case of pooled funds, the University cannot dictate the terms because the External Investment Managers are bound by each pooled fund's governing documents. The majority of the University's investments are held in pooled funds, thus limiting the University's ability to affect individual investment decisions.

Policy Statement:

General Statement

Decisions pertaining to Responsible Investing must be guided by the Fiduciary Responsibilities of the Board of Trustees to ensure the prudent investment of the University's assets. In accordance with current legal guidance, these responsibilities necessitate that ESG issues must be considered along with all other factors on the basis of risk and return and comprise the financial best interests of beneficiaries.

The Board of Trustees believes that awareness and the effective management of ESG-related risks and opportunities may improve the long-term financial performance of the companies concerned. To the extent that ESG factors affect the risk and return of investments, they should be taken into consideration in making investment decisions. Consequently, the Pension Committee and Investment Committee will, where appropriate, require External Investment Managers to take due regard of ESG issues in making investment decisions. External Investment Managers will be asked to engage where appropriate and report on their ESG activities on an annual basis, as outlined in Responsible Investing Procedure #1.

The Board of Trustees also believes that corporate engagement activities (such as letters to management and voting of proxies) can be effective when dealing with ESG issues. Due to limited resources and the relatively small size of the University's investment portfolios, engagement activities will generally be best employed through the activities of the University's External Investment Managers and/or through participation in coalitions of investors with similar Fiduciary Responsibilities.

Special Requests

In order to assist the Board of Trustees in discharging its Fiduciary Responsibilities, members of the University community will be provided with an opportunity to make representations on Responsible Investing, as outlined in Responsible Investing Procedure #2.

Responsibilities:

Investment Services

Per Responsible Investing Procedure #1, the Department of Investment Services will ensure all External Investment Managers are aware of this Responsible Investing Policy as a part of its ongoing compliance monitoring activities. Further, Investment Services will review each manager's report on ESG activities and prepare an annual summary report for the Investment Committee and Pension Committee.

Investment Services, in consultation with the University Secretariat, will be responsible for ensuring that any recommendations adopted by the Board are implemented and compliance is reported to the Board via the Investment Committee and/or Pension Committee, as appropriate.

Investment Services will maintain a list of holdings information for the Pension Fund, Pooled

Endowment Fund, and Pooled Investment Fund on its departmental [website](#).

University Secretariat

The University Secretariat will receive Special Requests, if any, and ensure compliance with Responsible Investing Procedure #2.

Principal's Review Committee for Responsible Investing

The Principal's Review Committee for Responsible Investing will carry out the duties set out in Responsible Investing Procedure #2.

<i>Contact Officer</i>	<i>Director, Investment Services, & Associate Secretary of the Board of Trustees</i>
<i>Date for Next Review</i>	<i>Policy will be reviewed every five (5) years, or sooner if deemed appropriate.</i>
<i>Related Policies, Procedures and Guidelines</i>	<i>Responsible Investing Procedures #1 and #2</i> <i>Statement of Investment Policies and Procedures (SIP&P) - Investment Funds</i> <i>Statement of Investment Policies and Procedures (SIP&P) - Pension Fund</i>
<i>Policies Superseded by This Policy</i>	<i>Statement on Responsible Investing (March 2009)</i>