University of Winnipeg Foundation
Responsible Investing Policy

1.0 Purpose

1.1 The purpose of this Policy is to set forth the Foundation's commitment to responsible investment of the University of Winnipeg Foundation endowments.

1.2 The primary fiduciary duty of the Board of Directors of the Foundation in managing the Foundation is to maximize the risk-adjusted financial return on the endowment assets.

1.3 This Policy will afford the Foundation and its external investment managers the flexibility to pursue Responsible Investing while still satisfying their fiduciary duties and the mission of the Foundation to create a long-term income stream to strengthen, deepen and advance The University of Winnipeg.

2.0 Foundation Beliefs

2.1 The incorporation of environmental, social and governance factors in the investment process applicable to its endowment funds is prudent and aligned with the duties, vision and mission of the Foundation.

2.2 The integration of environmental, social and governance factors into investment processes is expected to (i) decrease total portfolio investment risk relating to these factors; and (ii) increase risk-adjusted investment performance.

2.3 The importance of integrating consideration of environmental, social and governance factors into investment processes necessarily varies with the nature (asset class) of the investment.

2.4 A policy of engagement is strongly preferred over exclusions, divestments or "negative screens".

3.0 Application of Responsible Investing Beliefs

3.1 **Pooled Funds:** Subject to guidance from external managers, the Foundation's endowments shall be invested through pooled funds in order to diversify risk and minimize external management fees and costs.

3.2 **External Managers**: The Foundation expects that all external managers appropriately incorporate environmental, social and governance factors as part of a broad array of criterion analyzed by the external managers when making investment decisions on behalf of the Foundation.

3.3 **Proxy Voting:** Since the Foundation does not directly invest in issuers, proxy voting is delegated to external managers. The Foundation will encourage external managers to incorporate into their proxy voting guidelines policies that encourage issuers to increase transparency of their Sustainability Policies, procedures and other related activities. The Foundation will expect external managers with active management mandates to consider shareholder proposals on environmental, social and governance issues on a case-by-case basis.

3.4 **Engagement:** The Foundation may express concerns to the relevant external management and encourage such manager to engage directly, where appropriate.

3.5 **Collective Engagement:** The Foundation may engage issuers, regulators and industry groups through third parties where the Foundation believes a collective approach to engagement will be more effective than direct engagement.

4.0 Stakeholder Communication

4.1 The Foundation is committed to transparency regarding its responsible investing activities. The Foundation will report on its approach to Responsible Investing by publicizing Endowment Investment Reports on a quarterly basis.

5.0 Divestment and Exclusions

5.1 Divestments, exclusions or "negative screening" are processes through which investors may express their dissatisfaction with environmental, social or governance practices of an issuer, industry or sovereign with the aim of positively influencing these actions. These options are often more symbolic than effective, especially for relatively small investors such as the Foundation, and carries the risk of unintended consequences.

5.2 The Foundation may consider exclusions or "negative screening" when all of the following criteria are met:

(a) **Consistency with the Legal Obligations of the Foundation**: the Foundation endorses the incorporation of environmental, social and governance factors into investment decision processes subject to its primary fiduciary responsibility to maximize risk-adjusted investment returns.

(b) **Proven Social, Political, Economic or Environmental Rationale:** such a rationale must be supported by multiple bodies widely seen as competent and objective, such as the Canadian Coalition for Good Governance or a research or policy institute generally accepted as impartial and credible.

(c) **Compelling Evidence that Divestment is an Effective and Singular Way to Achieve the Desired Outcome:** Divestment from a sector should not facilitate investment opportunities for investors with less rigorously held responsible investing beliefs, nor should it drive investment to countries or regions with weak or non-existent regulatory regimes. Since divestment, exclusion or "negative screening" must necessarily indicate impairment of investment value, this approach must be demonstrably superior to engagement.

(d) **Absence of Alternative Policies:** implementation of exclusion or "negative screening" policies have the effect of reducing the investable universe available for the Foundation, and are often costly to implement and monitor. There must not be equally effective approaches, at lower costs, available to the Foundation.

5.3 Notwithstanding the application of the criteria in Section 5.2, the Foundation, when presented with a request to divest, may decide to take no action. Such a decision should not be interpreted as supporting or opposing the request, but rather as a judgment by the Foundation that the request is not consistent with the duty, mandate and Mission of the Foundation.

6.0 Responsibilities and Review

6.1 The Board of Directors, through its Investment Committee, is responsible for monitoring the application of this Responsible Investing Policy.

6.2 At least every two years, the Board of Directors will review this Responsible Investing Policy.