

REPORT ON THE YU DIVEST PROPOSAL

APPENDIX A

TERMS OF REFERENCE

York University Advisory Committee on Responsible Investment

Terms Of Reference

Introduction

York University is an institution dedicated to higher learning and founded on values of accessibility, social responsibility and excellence. Building on that foundation, the University seeks to be a leader in sustainability and engagement.

York University is committed to values of sustainability and responsible investing in the management of its investment portfolios of global holdings.

The York University *Statement of Investment Policies and Procedures* (the Policy) has been adopted by the Board of Governors to govern the investment of endowed funds.

The Policy contains a high-level statement of investment philosophy that establishes the underpinnings for the University's investment strategy. The investment philosophy incorporates the principle that investing in companies that adopt sustainable practices aligns the university's portfolios with long-term investment objectives that are suitable to the endowment fund. Taking this idea into the practical realm, the investment strategy has incorporated the concept of integrating environmental, social and governance (ESG) factors into the investment selection and investment decision-making processes.

ESG factors include environmental issues, such as climate change, pollution and resource depletion, social considerations, such as human rights, ethical business practices and fair labour conditions, and governance issues, such as executive compensation, board accountability, shareholder rights and appropriate reporting and disclosure.

The Policy is broadly intended to guide the University in its efforts to preserve the capital in perpetuity and to generate a rate of return sufficient to support a steady stream of inflation-adjusted spending over the long term. Endowment spending is generally for the purpose of supporting scholarships, academic chairs, and the furtherance of academic programs.

Establishment of the Advisory Committee

To further expand the University's practice of incorporating ESG factors into the management of its investments, the Advisory Committee on Responsible Investment (the Advisory Committee) has been established.

The Advisory Committee shall be comprised of students, faculty and staff that meet for the purposes of investigating, producing and providing advice to the University that is constructive and feasible, and an enhancement to the responsible investing process.

In its study and deliberation, the Advisory Committee may consider the appropriateness of investments based on individual holdings, by type of holding, or by other form of exposure. Proposed studies shall be considered to qualify for consideration and study when they meet the criteria of constituting material advice relevant to sustainable practices of companies that are among the holdings of the University and that such advice is judged to be capable of contributing to the process of responsible investing of University investments.

The Advisory Committee shall be the forum and venue for producing the opinions and ideas, arising from serious research, analysis, and consideration. The advice is to be delivered in the form of documented recommendations, those recommendations having merit, balance and relevance to York University and its diverse constituents. The advice, subject to the approval of the Vice-President Finance and Administration, shall further be the material basis of engagement undertaken by the University with its investment managers.

The Advisory Committee shall be responsible for taking into consideration the University's requirement to carry out its fiduciary duties in governing its investments, as documented in the Policy and contractual agreements.

The sections following describe the scope, composition, operation and governance of the Advisory Committee.

1. Purpose of the Advisory Committee

The Committee will provide a forum for interested parties at the University to discuss and express opinions on responsible investing. From time to time, the Committee may provide advice to the University administration through the Vice-President Finance and Administration, who is responsible for formulating recommendations for decision by the Board of Governors of York University, through its Investment Committee.

The scope of the Committee's work includes:

- Advice about investments where investment managers can actively engage
- Identification of companies that may be involved in activities contrary to the University's principles and beliefs, where active engagement by York's investment managers would be warranted
- Advice about circumstances in which stocks held by the University may cause social or environmental injury
- Advice on proxy voting guidelines, including areas in which the University should invoke proxy voting
- Identification of like minded organizations, shareholder groups or coalitions, with which the University could potentially affiliate or become a member

2. Composition of the Advisory Committee

The Committee shall consist of the following nine (9) members:

- Three faculty members appointed by the President, in consultation with the Chair of the President's Sustainability Council, upon an open call for volunteer members made by the President to the University community whenever a vacancy arises. Consideration in these appointments will be given to a fair and reasonable balance between full-time and contract faculty; Faculty, discipline and campuses represented; etc. Each faculty member shall serve no more than a three-year term without re-appointment.
- Three students: one named by the York Federation of Students; one named by the Graduate Students Association; one elected by the Student Sub-Committee of the President's Sustainability Council. Each student member shall serve no more than a two-year term.
- One member of the administrative staff of the University, appointed by the President, in consultation with the Chair of the President's Sustainability Council, upon an open call for a volunteer member made by the President to the University community whenever a vacancy arises. An administrative staff member shall serve no more than a two-year term without re-appointment.
Assistant Vice-President Finance & Chief Financial Officer
University Treasurer

Members of the Committee do not necessarily represent the interests of any constituency, but will rather act with due diligence and in good faith, respecting the fiduciary responsibilities of the University.

3. Functioning / Operation of the Advisory Committee

- The Committee is advisory to the Vice-President Finance and Administration. Its business is conducted in an orderly and collegial manner so that meaningful recommendations can be generated for the Vice-President to possibly advance through the formal decision-making process.
- Committee recommendations for the consideration of the Vice-President Finance and Administration shall be forwarded in a timely manner. The Committee may resolve issues by majority vote where necessary; however, advice to the Vice-President may also include alternative viewpoints expressed during Committee deliberations. The Vice-President will provide a response to any written recommendation or report from the Committee.
- The Chair of the Committee is appointed by the Vice-President Finance and Administration and shall serve a one-year term, with the possibility of re-appointment.
- The Committee shall meet at least twice annually at the call of the Chair and shall meet at any other time at the written request of three other members of the Committee.
- Quorum at a meeting shall consist of 5 of the 9 members, as described in #2 above. There shall be no alternate representation or designation of proxy voting by Committee members.
- Resource persons or guests may be invited to the Committee meetings by the Chair as deemed appropriate and shall be invited to speak at Committee meetings solely at the discretion of the Chair.
- From time to time, but no more often than once annually, the Committee may at its discretion issue a call to receive input (e.g., research, expressions of concern) from members of the York community in the form of both written submissions and verbal presentations.
- Due notice of matters on which advice is to be sought from the Committee is to be provided in advance of meetings in the form of an agenda. Members are to respect the time set for a meeting and to limit remarks to items on the agenda. The agenda of each meeting is prepared and circulated by the Secretary of the Committee in consultation with the Chair.
- The University shall provide secretariat support for the York University Advisory Committee on Responsible Investing. The individual(s) appointed for that purpose shall attend all meetings, produce summary minutes for distribution to attendees and provide related support to the Chair of the Committee.
- The Committee shall establish working groups or delegate, as required, to enact its work. The Chair of the Committee shall produce an Annual Report in August of each year for the preceding year, which shall be submitted to the Vice-President Finance and Administration, who will be invited to comment on it.

4. Governance

- The fiduciary responsibility for the management of the University's investments lies ultimately with the University administration and the Board of Governors.
- The Advisory Committee on Responsible Investing will provide advice and recommendations related to the investment of University endowment funds.