



	REPORT No.: 2021-26
MEETING DATE: JUNE 17, 2021	DATE PREPARED: MAY 18, 2021
SUBJECT: INVESTMENT POLICY UPDATE	

RECOMMENDATION

THAT with respect to Report No. 2021-26 (Corporate Services Division), we, The District of Thunder Bay Social Services Administration Board, approve the revised Investment Policy No. CS-02:70 as presented.

REPORT SUMMARY

To present The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) with a revised Investment Policy for approval.

BACKGROUND

The current Board-approved Investment Policy No. CS-02:70, establishes the broad parameters by which TBDSSAB may invest its surplus funds in accordance with legislative requirements. The investment principles, in order of priority, are:

1. Adherence to statutory requirements;
2. Preservation of principal;
3. Maintaining liquidity; and,
4. Competitive rate of return.

Report No. 2021-07 Green Initiatives – Update identified the recent initiatives undertaken by TBDSSAB and future plans to enhance environmental stewardship across the organization. This included a review of the Investment Policy to incorporate the concept of Environmental, Social and Governance (ESG) investing.

COMMENTS

ESG investing is the consideration of environmental, social, and governance factors alongside financial factors in the investment decision-making process:

- Environmental – what kind of impact does a company have on the environment?
- Social – how does the company improve its social impact within the company and in the broader community?

- Governance – how does the company’s board and management drive positive change?

ESG investing has been a growing trend in recent years as investors are paying closer attention to the impacts their investments are having in the world. Corporations are responding by making ESG disclosures a part of their regular reporting.

Investors can buy into a number of ESG-focused mutual funds and other investment products depending on their particular focus. In a recent TD Asset Management report (TD, 2021), a silver lining related to COVID-19 is the increased interest by investors thinking about the impact their investment holdings are having on the world. In 2020, Canadian-based ESG funds held net assets of \$22 billion, an increase of 37% over the previous year.

Incorporating ESG investing in TBDSSAB’s investment policy would align the investment choices with the organization’s environmental stewardship initiatives. Therefore, Administration recommends adding ESG investing as a core principle in its Investment Policy. The proposed revision is provided in Attachment #1 – Draft CS-02:70 Investment Policy.

Administration will work with the Portfolio Manager to align the securities held in TBDSSAB’s investment portfolio with ESG factors in accordance with the Policy principles.

FINANCIAL IMPLICATIONS

There are no specific financial implications associated with the approval of this updated Investment Policy.



CONCLUSION

It is concluded that ESG investing is consistent with the organization’s environmental stewardship initiatives and the revisions to the existing Investment Policy should be adopted by the Board. It is further concluded that the Investment Policy be reviewed every five years or sooner, as deemed necessary, to ensure incorporation of best practices for public sector organizations.

REFERENCE MATERIALS

TD 2021, Why interest in ESG investing is set to Explode. Retrieved June 8, 2021 from <https://www.bnnbloomberg.ca/why-interest-in-esg-investing-is-set-to-explode-1.1567634>

Attachment #1 [Draft CS-02:70 Investment Policy](#)

PREPARED BY:	Keri Greaves, CPA, CMA, Manager, Finance The District of Thunder Bay Social Services Administration Board
APPROVED / SIGNATURE:	 Georgina Daniels, FCPA, FCA, Director, Corporate Services Division The District of Thunder Bay Social Services Administration Board
SUBMITTED / SIGNATURE:	 William (Bill) Bradica, Chief Administrative Officer The District of Thunder Bay Social Services Administration Board

POLICY	CATEGORY/SECTION CORPORATE SERVICES - FINANCE
	SUBJECT INVESTMENT

AUTHORITY

By-law No. 01-2017

[Municipal Act, 2001?](#)

[Housing Services Act, 2011?](#)

[Child Care and Early Years Act?](#)

INTENT OF POLICY

To establish the rules by which The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) shall invest its surplus funds.

POLICY

It is the policy of the TBDSSAB to invest its surplus funds in accordance with the Standards of Application set out herein.

STANDARDS OF APPLICATION

For purposes of this policy surplus funds refers to operating revenue, operating reserves and reserve funds, capital reserve funds and unrestricted surplus.

1. Investment Principles

The following investment principles, in order of priority have been established:

- a. Adherence to statutory requirements

The investment program will be conducted in accordance with any legislation that may be applicable.

- b. Preservation of Principal

Safety of principal is of utmost concern in the TBDSSAB investment program. Investments shall be selected with prudent judgment to ensure the preservation of principal in the overall portfolio.

- c. Maintaining Liquidity

The investment portfolio shall remain sufficiently liquid to meet the operating cash flow requirements of the TBDSSAB. Administration will strive to match the maturity of securities with anticipated cash flow requirements. The portfolio will consist of securities with active secondary markets. No investment shall be made

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in a security with a term to maturity exceeding five years and a minimum of 5% of the portfolio must be invested in securities having a term of 90 days or less.

d. Environmental, Social and Governance Investing (ESG)

Wherever possible, the portfolio shall be comprised of investments that:

- promote environmental sustainability and demonstrate a commitment to reducing the organization's carbon footprint;
- foster social justice and respond to concerns of local communities; and
- have an independent board of directors, a diverse management team, and consistently allocate capital effectively to the benefit of shareholders and stakeholders.

Investments made within this ESG framework should have appropriate performance measures to demonstrate the level of compliance with these factors.

d.e. Competitive Rate of Return

Without compromising the other investment principles, the investment program will be designed to earn a competitive rate of return relative to an established benchmark.

2. Suitable and Authorized Investments

The evaluation and selection of investments vehicles will be conducted in accordance with the Board's risk tolerance level, and the principles in this policy and any legislative requirements.

~~The TBDSSAB shall not invest in a security that is expressed or payable in any currency other than Canadian dollars.~~

~~The TBDSSAB may invest in the following securities:~~

- ~~a. Bonds, debentures, promissory notes and other evidence of indebtedness issued or guaranteed by:
 - ~~i. The Government of Canada;~~
 - ~~ii. Provincial or Territorial Governments of Canada;~~
 - ~~iii. A Municipality in Canada;~~~~
- ~~b. Deposits, bonds, debentures, promissory notes and other evidence of indebtedness issued or guaranteed by:~~

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- ~~i. Schedule I and Schedule II banks~~
- ~~ii. Loan or trust corporations~~
- ~~iii. Credit unions~~
- ~~e. Bonds, debentures, promissory notes and other evidence of indebtedness of a corporation incorporated under the laws of Canada;~~
- ~~d. Shares issued by a corporation that is incorporated under the laws of Canada;~~
- ~~e. Joint Municipal Investment pools.~~

3. Delegation of Authority

The Director, Corporate Services has overall responsibility for the prudent investment of the Board's investment portfolio. Authority to manage the investment program may be granted to an external investment agent to act on behalf of the Board in accordance with the parameters in this policy.

4. Reporting

The investment program shall be reviewed annually by the Board's external auditor to ensure compliance with policies and procedures.

The Director, Corporate Services shall submit a Report to the Board at its Annual General Meeting. The Report shall include an analysis of the status of the current investment portfolio, the average asset mix and the overall performance of the portfolio during the preceding year.

5. Conflict of Interest

All Board members and employees involved in the investment process shall refrain from conducting personal business activities that could conflict with the proper execution and management of the investment program.

RELATED POLICIES

N/A

RELATED PROCEDURES

N/A

FORMS

N/A