

City Clerk's Office

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July 2, 2020

TORONTO INVESTMENT BOARD:**Subject: Executive Committee Item 14.2
Investment Policy Update (Ward All)**

City Council on June 29 and 30, 2020, adopted the following:

1. City Council approve the following amendments to the City Council-approved Investment Policy (Policy) and adopt the amended Policy as shown in Attachment 1 to the report (January 21, 2020) from the Chief Financial Officer and Treasurer:

a. the Investment Beliefs (Section 2.2) be enhanced to include recognition of Environment, Social and Governance factors as material to risk/return outcomes;

b. the Environmental, Social, and Governance Factors (Section 6.6) be strengthened by having investment managers consider the United Nations' 17 sustainable development goals which includes climate change, and that these investment managers have a process that integrates Environment, Social and Governance in the analysis and on-going review of the assets under management;

c. Long Term Fund and Sinking Fund Long Term Constraints (Section 3.2 (b)) to add a subsection named "Investments in Pooled Funds, Mutual Funds, and other similar products", to allow the Chief Financial Officer and Treasurer, at the Chief Financial Officer and Treasurer's discretion, to accept minor variations of the City's Investment Policy when compared to the standard terms in the policies of these funds;

d. Asset Mix Guidelines (Section 2.4 (b)) and Real Asset Portfolio Constraints (Section 3.2 (b)(iii)) such that references in the Real Assets sub-category to "Canadian Core" and "Global Core" be replaced with "North American/Global Core"; and

e. references to the Chief Financial Officer be updated to reflect the current title of Chief Financial Officer and Treasurer.

2. City Council request the Toronto Investment Board and the Chief Financial Officer and Treasurer to develop a process to monitor and report on whether or not external investment firms hired by the City are compliant with the terms of the Investment Policy governing Environmental, Social, and Governance Factors and that the information and data regarding climate change risk from these reviews be reported to City Council semi-annually.

3. City Council request the Toronto Investment Board to incorporate Environmental, Social and Governance factors into its investment decision-making through its due diligence processes when choosing Investment Managers.

4. City Council request the Chief Financial Officer and Treasurer and the Toronto Investment Board, when considering any changes to the Investment Policy, to consider and incorporate internationally-recognized best practices for Environmental, Social and Governance.

for City Clerk

M. Toft/sb

Attachment

c. City Manager