

Terms of Reference: Investment Committee

Proposed January 2022

1. Endowment Administration

Governance and accountabilities for the Toronto Atmospheric Fund's ("TAF") endowments is set out in the TAF Act, the TAF/City of Toronto Relationship Framework ("RF") and TAF's Statement of Investment Objectives and Principles ("the SIOP"); the latter two may be amended from time to time by City Council. City Council, through the TAF Act, has the sole power to amend or terminate the Toronto Fund; the Ontario Government has the sole power to amend or terminate the Ontario Fund; and the Federation of Canadian Municipalities has the sole power to amend or terminate the Canada Fund.

2. TAF Board of Directors

The Board may delegate their responsibilities with respect to the investment of the endowment to agents and advisors who will act as fiduciaries. In particular, under the authority of the TAF Operating By-law, the Board may establish an Investment Committee to guide and oversee the activities of the Fund. The duties of the Board are to:

- a. Appoint members of the Investment Committee;
- b. Consider the Investment Committee's recommendations regarding TAF's Statement of Investment Objectives and Policies, approve them and request Council approval as relevant; and
- c. Consider the Investment Committee's recommendations regarding engaging and terminating any external investment managers or investments and approving them as relevant;
- d. Consider the Investment Committee's recommendations regarding engaging and terminating any agents or advisors that will assist in the management of the endowment, and approving any as relevant; and
- e. Receive information about the performance of the portfolio and its compliance with the SIOP.

3. Investment Committee

The Investment Committee is responsible for:

- a. Reviewing the SIOP at least once per year, and if relevant, formulating and recommending changes to the SIOP for approval by the Board, and (via staff and the investment advisor) communicating changes to the SIOP to the Manager(s) and any other relevant parties;
- b. Reviewing the mandates of third-party agents or advisors at least once per year for continued alignment with TAF's mandate;
- c. Selection of external investment manager(s) for marketable securities, and recommending any investments to the Board;

- d. Selection of an investment advisor, a Custodian (if needed), and any other agents or advisors that may be necessary to prudently manage the Fund and recommending their retention to the Board;
- e. Developing benchmarks for all asset classes to the City of Toronto Chief Financial Officer's satisfaction;
- f. Monitoring the progress and performance of all external investment manager(s) and other investments at least quarterly and (via staff) providing quarterly reports to the Board on the performance of the total Fund and any other aspects of investment management that the Investment Committee deems appropriate or as requested by the Board;
- g. Reviewing the total investment portfolio's compliance with the SIOP (including Direct Investments as reported by the Direct Investment Committee);
- h. Guiding the composition of the portfolio (re-balancing)
- i. Recommending actions which TAF should pursue as an investor to influence policies and investment conditions in the interest of TAF's mandate;
- j. Appointing ad hoc subcommittees as may be required from time to time; and
- k. Performing such other functions as the Board may assign to it from time to time.

4. Composition of the Investment Committee

- a. The Investment Committee shall be composed of not fewer than five (5) and not more than seven (7) members.
- b. Members of the Investment Committee shall be appointed by the Board.
- c. The Chair of the Investment Committee shall be appointed by the Board and must be a member of the Board.
- d. Membership of the Committee shall include at least one City of Toronto Councillor and one citizen who are both members of the Board, and at least two qualified investment professionals.
- e. A quorum for the Committee is a majority of the appointed members of the Committee.
- f. The CEO of The Atmospheric Fund will be an ex officio, non-voting member of the Investment Committee and shall not be counted toward quorum.
- g. Members of the Investment Committee are appointed for a four-year term and may be reappointed by the TAF Board for a maximum of two additional four-year terms.

5. Conduct of the Investment Committee

- a. The Investment Committee meets at least quarterly. Meetings are convened by the Chair, and a minimum three days' notice must be provided (unless waived by all Members). Distribution of meeting materials by e-mail is permitted.
- b. The open meeting requirements and exceptions under Section 190 of the City of Toronto Act, 2006 apply.
- c. The Investment Committee will meet with each Investment Manager at least once a year to review the portfolio structure and performance and be apprised of any developments that may affect either the investment returns or the service from the Manager.

- d. Decisions are carried by a simple majority vote. Tied votes fail.
- e. Members of the Investment Committee may be reimbursed by TAF for reasonable out-of-pocket expenses, such as travel costs, but are not otherwise entitled to any remuneration in connection with TAF-related activities.

6. Code of Conduct

- a. Confidentiality: Members shall not reveal or make known to any person any information disclosed to the member through his or her involvement in the Investment Committee.
 - i. A Member shall not reveal or make known to any person any part of a discussion that took place during the Committee's proceedings, results or decisions made during those proceedings. TAF will make public results of decisions without identifying the investee and will only name the investee with the prior written permission of the investee following the official approval process.
 - ii. A Member shall keep confidential any information except as is required for the purposes of assessment or determination of any matter relating to Investment Committee deliberations; and
 - iii. A Member shall not distribute any of the material provided to Investment Committee members that is not available to the public.
- b. Professional ethics and conduct: Firms and advisors providing services to the Fund are expected to comply with standards equivalent to CFA, CPA, CBA, Canadian Securities Institute or other standards for ethics and professional conduct.