

Investment Committee Terms of Reference

INTRODUCTION

The Teachers' Pensions Act (TPA) provides for the creation of an investment committee (IC) to fulfill certain responsibilities.

These terms of reference are intended to further articulate and clarify the responsibilities and expectations of the IC.

LEGISLATIVE PROVISIONS

The specific function and objective of the IC is defined in subsection 42(3) of the TPA, which reads as follows:

“The investment committee shall regularly review the investments in which the fund is invested and, subject to subsection 50(2), shall give directions in writing as to the investments in which moneys in the fund and available from time to time for investment shall be invested.”

Subsection 50(2) dictates that all investments made by the Teachers' Retirement Allowances Fund (TRAF) may be invested in investments that are permissible under *The Pension Benefits Act* (PBA) and the regulations made thereunder.

In general terms, the IC achieves its objectives by monitoring and making recommendations to the Board with respect to the investment policy, strategy and implementation of all TRAF investments.

Subsection 50(1) of the TPA imposes the corresponding obligation on the Board to take direction from the IC. It reads as follows:

“The board is trustee of the fund and, subject to the direction of the investment committee, shall manage and administer it as provided herein.”

COMMITTEE COMPOSITION AND MEMBER TERMS

Pursuant to subsection 42(1) of the TPA, the voting members of the IC consist of:

- (a) the Chair of the IC;
- (b) the Deputy Minister of Finance (or designate);
- (c) a member of the Board representing teachers appointed by order of the Lieutenant Governor in Council for such term as may be fixed in the order in council appointing such member; and
- (d) up to two individuals who need not be members of the Board and who are appointed by the Board on the basis of their investment expertise or experience and for a term of not more than three years.

Should the Deputy Minister of Finance be unable to fulfill their role as a voting member of the IC, subsection 42(2) of the TPA states that the Assistant Deputy Minister of Finance shall act as a member of the IC.

With the exception of the Deputy Minister of Finance and members appointed under clause (d) above, a member's appointment to the IC will cease if the member's appointment to the Board ceases. All members must be independent of day-to-day operations.

STANDARD OF CARE AND RELIANCE ON EXPERTS

In the discharge of their duties under the IC's mandate, each member of the IC shall be obliged to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances where they are dealing with the affairs and property of another person, and shall use all relevant knowledge and skill possessed by them by reason of such member's profession, business or calling.

The members of the IC may rely in good faith upon the report and findings of any expert engaged to report upon the matter under consideration. The IC must act reasonably when engaging outside advisers. The Board shall be notified of any such engagement.

OPERATIONAL PROCEDURES

1. Meetings

Meetings may be convened at the request of the Chair of the IC, or at the request of the TRAF Board by way of resolution. The IC will meet at least four times per year, or more often as determined by the IC.

2. Attendance

Customary practice is to invite all members of the Board to attend, observe and interact at IC meetings. In addition, the President & Chief Executive Officer (CEO), the Chief Investment Officer (CIO), the Chief Financial Officer, the Chief Risk Officer, the Vice President, Finance and the Corporate Secretary are generally expected to attend IC meetings.

The IC Chair and CEO may invite such other staff members as they consider necessary or advisable to attend IC meetings.

3. Quorum and Voting

A quorum consists of the majority of the voting members of the IC in attendance. Each IC member, including the IC Chair, is entitled to vote and decisions shall be made by majority vote of those present. In the event of a tie vote, the IC Chair shall have an additional or casting vote.

4. Minutes

The Corporate Secretary shall generally act as the recording secretary for each meeting. In the absence of the Corporate Secretary, the IC Chair shall designate a recording secretary for such meeting. The designated recording secretary should generally be someone other than the IC Chair.

Meeting minutes shall contain an outline of the material issues addressed at the meeting, as well as all approved decisions, resolutions or directives.

A draft of the minutes approved by the IC Chair and recording secretary shall be circulated for review and approval with the materials for the next IC meeting. The minutes shall be approved with such amendments or adjustments as may be agreed upon. In the event of a dispute, the normal voting procedures shall apply.

Notwithstanding the inherent delay in approving minutes, any action taken at a meeting will be effective as of and from the date of such original meeting.

5. Reporting

The IC shall report to the Board on a regular basis. Reporting shall normally be made through the IC Chair. Copies of meeting minutes shall be made accessible to the Board via posting to the Board portal. In addition, the Board may request a report from the IC at any time.

6. Compensation

IC members who are also Board members shall be compensated for their services in accordance with Board Policy 3.0 — Board & Committee Member Expenses and Compensation. The Deputy Minister of Finance (or Assistant Deputy Minister of Finance, as applicable) shall receive no compensation from TRAF for their participation on the IC. Members appointed under clause (d) above shall receive compensation in an amount set by the Board from time to time.

RESPONSIBILITIES

The specific responsibilities of the IC are set out in the Statement of Investment Policies & Procedures (SIP&P), as amended from time to time.

COMPLIANCE

The IC will work with management to develop such compliance programs and systems as shall be necessary or desirable from time to time to ensure that both the SIP&P and all applicable legislation is adhered to.

RESPONSIBILITIES OF THE COMMITTEE CHAIR

The Chair of the IC shall:

1. Provide leadership to enhance the IC's effectiveness by:
 - (a) ensuring that the areas of responsibilities of the IC and the CEO are understood and respected by both; and
 - (b) overseeing the discharge of the IC's responsibilities, including its reporting obligation to the Board.
2. Act as the liaison between the IC and staff by working with the CIO to:
 - (a) carry out the annual calendar of the IC's business;
 - (b) set the agenda for each IC meeting; and
 - (c) ensure that proper information is made available to the IC.

BOARD REQUESTS

The IC shall carry out such other tasks as directed by the Board.



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