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**BOARD OF GOVERNORS
Investment Committee**

**Minutes of the Public Session of the Meeting of June 1, 2020**

Video Conference, 11:30 a.m. – 12:25 p.m.

**Members:** Stephanie Chow (Chair), Mitch Frazer, Ferdinand Jones, Thorsten Koseck, Mark Neville, Maria Saros, Steven Murphy

**Regrets:** Doug Allingham

**Staff:** Becky Dinwoodie, Cheryl Foy, Andrew Gallagher

**Guests:** Leila Fiouzi (PH&N), Chelsea Bauer (Ontario Tech Faculty Association)

**1. Call to Order**

The Chair called the meeting to order at 11:30 a.m.

**2. Agenda**

*Upon a motion duly made by M. Saros and seconded by M. Neville, the Agenda was approved as presented.*

**3. Conflict of Interest Declaration**

There was none.

**4. Minutes of Public Session of Meeting of February 19, 2020**

*Upon a motion duly made by F. Jones and seconded by M. Saros, the Minutes were approved as presented.*

**5. Chair's Remarks**

The Chair thanked everyone for participating in the meeting. She noted it was the first fully virtual meeting for the committee, which was required because of the pandemic guidelines. The Chair discussed the Student Relief Fund (SRF), which was created to help students deal with the unprecedented changes and difficulties caused by COVID-19. She highlighted that donations to the SRF are being matched by the university. The names of donors are posted on the website and the Chair thanked L. Fiouzi for contributing to the SRF. She encouraged the committee members to contribute to the fund, as well.

**6. Investment Review**

**6.1 Fourth Quarter Investment Review**

L. Fiouzi reviewed the portfolio’s fourth quarter performance. She highlighted the recent market volatility, noting the sharp downturn and quick recovery. The portfolio was down 9.63%, which was ahead of the benchmark at 10.21%. She commented that they were happy with the capital preservation during that time. The portfolio is down just over 5% over the year, which is slightly less than benchmark. Since inception, the portfolio has had an annualized basis return of just under 7%. L. Fiouzi noted that April was a good month with the portfolio up 6.05%, a bit less than the benchmark. She explained that April’s rebound was due to a “junk rally”. The mortgage portfolio was disciplined in preserving cash. The global equity focus strategy did very well over the quarter. L. Fiouzi responded to questions from the committee.

**6.2 Annual ESG Report**

L. Fiouzi presented the annual ESG Report. She discussed PH&N’s ESG approach, which focuses on the sustainability of businesses. This is particularly important during the pandemic crisis (e.g. health and safety of employees, suppliers, etc.). She reminded the committee that RBC signed onto the UN PRI in 2015 and is committed to incorporating ESG into its investment strategies. The strategy includes ensuring clients are not exposed to contingent liabilities over the long term.

Every year, the UN PRI evaluates signatories' approaches to the principles based on its assessment methodology. As indicated in their most recent Assessment Report's Summary Scorecard, the UN PRI gave each of RBC GAM’s modules a score of A+. Signatories are graded on:

* ability to fully integrate ESG into investment processes – L. Fiouzi provided examples of “bullets dodged” (e.g. Volkswagen);
* active stewardship – exercise of proxy voting, which is a significant influence in promoting change; and
* ability to have client driven solutions & reporting – improved line up of capabilities to address ESG concerns.

L. Fiouzi discussed the improvement in the number of female directors. They are a member of the Canadian 30% Club Investor Group and the goal is to have 30% women on boards and management of S&P/TSX Composite companies.

L. Fiouzi further discussed proxy voting. Proxy voting is often routine and there are usually good reasons to vote with management. Overall, in 2019, 13% of proxies were voted against management. L. Fiouzi also discussed their strategy with respect to climate change. She emphasized that when it comes to climate change, considerations vary between different sectors and industries.

L. Fiouzi reviewed the results of the 2019 Responsible Investment Survey. Some of the highlights included:

* divestment vs. engagement - engagement is more effective;
* ESG can drive returns in a portfolio & is a way to mitigate risk;
* asset classes: no vote in fixed income so ESG in bonds is less about engagement;
* direct investment in real estate – Canadian investors place more emphasis on real estate and infrastructure that are sustainably managed; and
* board diversity – many areas of the world have tried to legislate Board diversity – believed to be more effective to have investors encourage diversity (e.g. shareholder proposals are a more effective means of promoting diversity).

**7. Annual Board Report**
B. Dinwoodie reviewed the draft annual report with the committee.

*Upon a motion duly made by S. Chow and seconded by S. Murphy, the Investment Committee approved the Annual Board Report as presented.*

**8. Other Business**

**9. Adjournment**

*There being no other business, upon a motion duly made by M. Neville, the public session adjourned at 12:17 p.m.*

Becky Dinwoodie, Secretary