

# Investment Policy Revision Project Update

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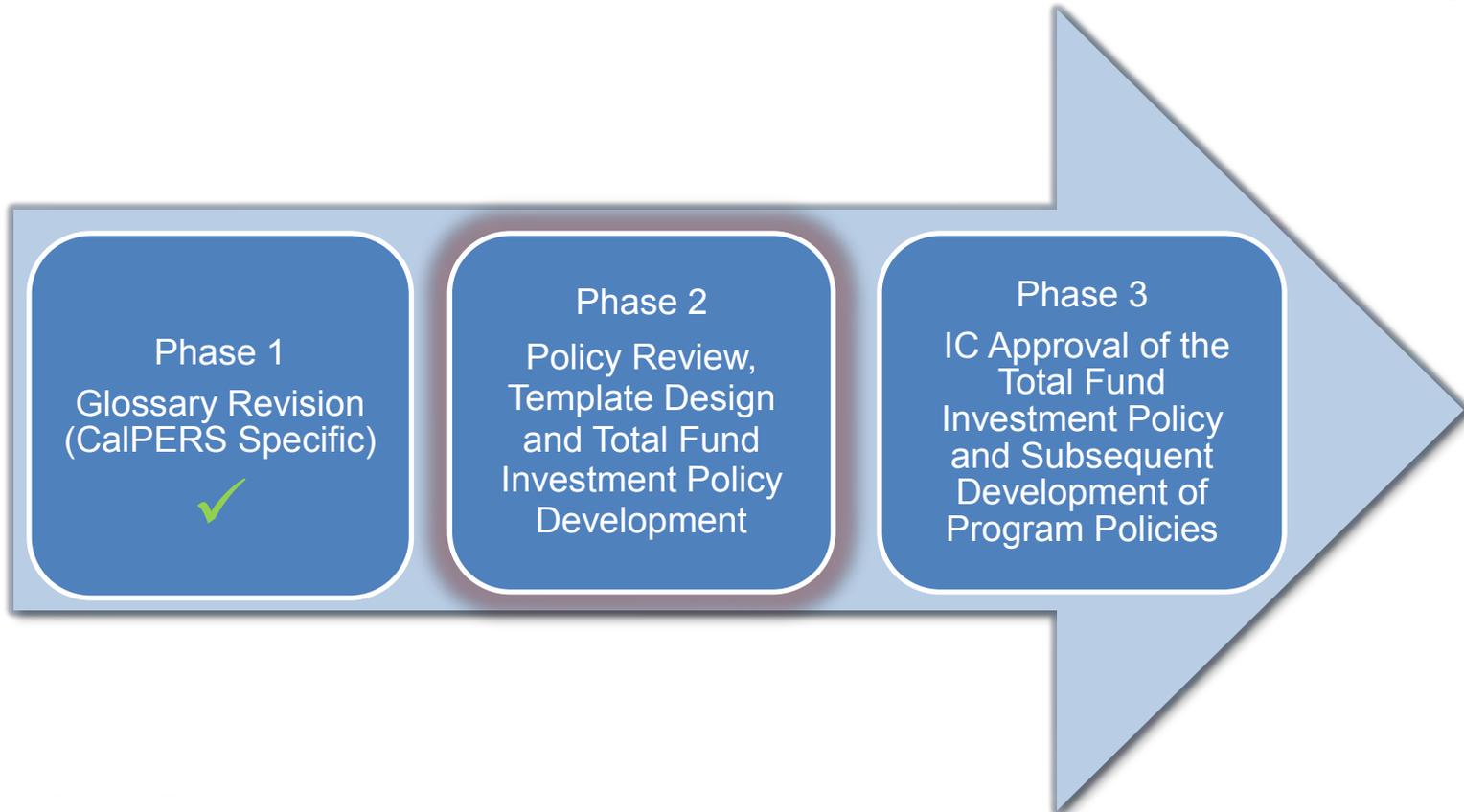
November 17, 2014

# Policy Review/Revision Grounding Principles

- Investment Beliefs 5 and 10 support Investment Policy review and revisions to ensure clear identification of investment goals and performance measures; as well as ensuring that strong processes and teamwork are in place.
- Investment Policy Review/Revisions are identified as initiatives in both the 2014-16 Roadmap and Target Operating Model (TOM).
  - Key risks:
    - Policies presently include procedures lacking consistency across asset classes.
    - The current number of Policies creates administrative, tracking and testing challenges. (Attachment 2)
- The most recent Investment Policy review project took place between 2006-2008.

# Goals of Investment Policy Revisions Initiative

- TOM Initiative 19 – Investment Policy Revisions Project Phasing



# Policy Revision Phase 2

The key deliverables of Phase 2 include:

- Detailed review and recommendations for streamlining all Policies
  - Removal of procedures utilizing the Global Derivatives Policy as a prototype
- Consolidate cross Program Policy topics into a more comprehensive Total Fund Investment Policy to enhance clarity and provide consistency
  - Create Total Fund and Program Investment Policy Templates
- Communication
  - Coordinate with Board Consultant and Program staff to identify elements that should be consolidated within the Total Fund Investment Policy
  - Update Investment Committee (IC)

# Phase 2 and 3 Milestones

## Policy Review and Streamlining

Removal of procedures and process steps

Written in a simple, transparent manner



## Consolidate

Merge Policy items that cross Programs into Total Fund Investment Policy

Create Program Policy Template and procedure guidelines that can be measured



## Communicate

IC November 2014 Informational Agenda Item

Coordinate with Board Consultant and Program staff to draft Total Fund Investment Policy



## Implement

IC initial reading and approval of Total Fund Investment Policy, February/March 2015

IC approval of Program specific Policies during remainder of 2015 with Annual Program Reviews

# Desired Outcomes and Benefits

- Enhanced Investment Policy standardization and transparency
- Consolidation of cross Program Policy elements to avoid duplication and reduce inconsistencies
- Relocation of procedure language from Policies to procedure documents to enhance controls and provide staff flexibility to address ongoing Program functions

# Phase 3 Implementation Next Steps

- **Calendar Q1 2015**
  - Draft Total Fund Investment Policy implementing consolidation and removal of procedures
  - Investment Compliance and Operational Risk (ICOR) will coordinate with Program staff to determine items that should be relocated to Total Fund Investment Policy
  - Obtain IC approval
- **Remainder of Calendar 2015**
  - Program staff to update stand alone Policies and establish separate formal procedures as part of Annual Program Review
  - ICOR to incorporate testing of separate formal procedures into ICOR monitoring function