



PBC Health Benefits Society

**Terms of Reference for
the Pacific Blue Cross
Investment and Loan
Committee**



Terms of Reference for the Pacific Blue Cross Investment and Loan Committee

I. Purpose

The Investment and Loan Committee (Committee) is appointed by the Pacific Blue Cross (Society) Board of Directors.

The purpose of the Committee is to:

- recommend to the Board a properly documented asset mix policy including the Statement of Investment Policies and Procedures (the SIPP) and the appropriate return benchmarks for the Society. The SIPP shall;
 - represent the policies, standards and procedures that a reasonable and prudent person would apply in respect of a portfolio of investments to avoid undue risk of loss and to obtain a reasonable return;
 - prescribe the intended mix of assets;
 - reflect prudent standards as set out in the Financial Institutions Act;
 - comply with any guidelines or regulations issued by the Superintendent of the BC Financial Services Authority ("BCFSA").
- recommend to the Board changes to the SIPP as proposed by the Chief Financial & Investment Officer (CFIO) once evaluated and agreed by the Committee;
- report any issues of non-compliance to the Board on a timely basis;
- discuss and address issues of non-compliance with the CFIO on a timely basis;
- provide effective oversight of investment activities and compliance with the SIPP, regulations and other criteria which may be agreed from time to time;
 - Review the annual investment income budget submitted by the CFIO ensuring;
 - clear performance targets and accountabilities;
 - a clear explanation of investment strategy and intended short and long-term results;
 - risk appetite statements and risk tolerance measurement criteria proposed by management;
 - asset allocation proposals;
 - the retention of any external investment management firms who will be given custody of and/or the ability to purchase and sell securities on behalf of the Society and the mandate under which they are retained;
- ensure effective and comprehensive reporting relating to:
 - major decisions affecting the performance of investment portfolios;
 - the impact and implications of investment portfolio performance on the Company's ability to meet its mandate.
- consider any other matters delegated by the board.

II. Composition

- a) The voting members of the Committee shall be comprised of five Society directors, none of whom shall be an officer or employee of the Society or an affiliate of the Society.
- b) The Committee may include non-voting independent investment advisors as determined by the Committee.
- c) The Society Secretary or designate shall be the secretary to the Committee and shall not be a voting member.
- d) A majority of the members of the Committee, whether voting or non-voting, must not be officers or employees of the Society or an affiliate of the Society.
- e) At least one voting member of the Committee must be one of among the following officers of the Society: President & CEO, Board Chair, or Board Vice-Chair.
- f) Not less than 1/3 of the members of the Committee, whether voting or non-voting, must be “unaffiliated directors” as defined in section 1 of the *Financial Institutions Act* (British Columbia)

III. Duties and Responsibilities

- a) To receive Management’s quarterly report regarding the performance of the investment portfolio as compared to the annual investment plan, and to discuss with Management any proposals to amend the annual investment plan. These meetings shall form a background for discussions between the Committee and Management regarding the performance of the portfolio.
- b) To receive Management’s quarterly report regarding the performance of each Investment Manager compared with appropriate performance benchmarks and Management discussion and analysis. To meet with Managers at least annually to review investment performance and assess the competency and continuity of management within each Manager. These meetings shall form a background for discussions between the Committee and Management regarding Managers selected by Management.
- c) To receive a quarterly compliance report from Management and discuss reasons for deviations from compliance with SIPP.
- d) To review credit facilities of the organization on an annual basis.
- e) To review the Terms of Reference on an annual basis for referral of any changes to the Governance Committee and for recommended approval of any changes to the Board.
- f) To review Investment Manager(s) Fee(s) on an annual basis.
- g) To review the SIPP on an annual basis and recommend approval of any changes to the Board.
- h) To review the Risk Appetite Statement in conjunction with the SIPP for informational purposes on an annual basis.
- i) To review the Investment Policy for the funds held by the Investment Manager(s) on an annual basis.
- j) To review the Rebalancing Policy on an annual basis.
- k) To review LICAT reporting on an annual basis.
- l) To review the United Nations Principles of Responsible Investing (“UN PRI”).
- m) To review the Investment Manager Calendar on a quarterly basis.
- n) To liaise as necessary with other PBC Board Committees.
- o) To review the Committee Chair Succession Plan on an annual basis.

IV. Committee Timetable

The Committee Workplan for the forthcoming year will be agreed by the Committee at the last meeting of the current year.

