

Minutes of the Finance, Audit, and Risk Committee Meeting

February 26, 2024 | 11:30 am – 1:30 pm (ET)

Virtual: Teams Link

Committee members in attendance	
Christian Bellini Dawn Nedohin-Macek	John Van der Put
Regrets	
Menelika Mekomba	Steve Vieweg
Observers	
Marlo Rose	
Guests	
James Malone, RBC	
Staff and support	
Joan Bard Miller, Manager, Governance and Board Services Juliet Chou, Governance Coordinator	Gerard McDonald, Chief Executive Officer Derek Menard, Director, Finance

1. Call to order and approval of agenda

D. Nedohin-Macek, FAR Committee Chair, opened the meeting at 11:31 a.m. (ET) and welcomed committee members and staff.

Moved and seconded

THAT the agenda be approved, and the chair be authorized to modify the order of discussion.
Carried

2. Declaration of conflict of interest

No conflicts were declared. Participants were reminded to declare a conflict at any time during the meeting, as necessary.

3. Last meeting review

3.1 Review of minutes (December 13, 2023)

The committee had no questions or comments regarding the minutes which had been pre-circulated.

Moved and seconded

THAT the minutes of the December 13, 2023, meeting be approved as presented.

3.2 Review of action table

The action table was noted as complete, with one action pending as part of item 4 in the current meeting agenda.

4. Annual investment performance reports

J. Malone, RBC PH&N Investment Counsel, presented the pre-circulated *2023 Annual Investment Performance Report and RBC's Approach to Responsible Investment*. He highlighted for the Committee Engineers Canada's investments in funds that meet a defined set of environmental, social, and governance (ESG) criteria. Furthermore, he noted that outside these funds, RBC considers and invests in best-in-class corporate performance around ESG factors. Clarifying questions were

answered by the presenter. Committee members noted the value in receiving periodic updates on Engineers Canada's investments relative to ESG considerations to ensure the investment portfolio reflects a meaningful commitment to responsible investing.

J. Malone left the meeting following the presentation.

D. Menard, Director, Finance, presented the Q4 2023 Investment Report, which had been pre-circulated to the committee.

Based on the review of the investment reports and discussion of ESG investing, the committee reflected on Board policy 7.7, *Investments*. As currently written, the policy does not specify targets for ESG investing. Committee members appreciated the need for the policy to allow investment managers a degree of flexibility while also signaling Engineers Canada's commitment to responsible investing. It was thus suggested to revise:

- Section 7.7.1(1) to state that Engineers Canada's goal is to establish a well-diversified investment portfolio with a focus on ESG-related funds.
- Section 7.7.1(2)(e) to reflect that Engineers Canada is committed to meaningful investments in ESG-focused funds.

ACTION: Staff to revise policy 7.7, *Investments*, based on the FAR Committee's feedback.

Staff will provide the FAR Committee with a revised version of the policy at its May meeting. The Governance Committee will review the proposed revisions and recommend approval by the Board.

5. Q4 and fiscal 2023 financial statements

D. Menard presented the pre-circulated Q4, fiscal 2023 financial statements. Committee members sought to understand the cause for the variance compared to the actuals. Staff noted that the difference primarily stemmed from the retention of five months of the Professional Engineers Ontario (PEO) portion of the TDI affinity program and stronger than expected investment returns. It was furthermore noted that there is a need to return to a balanced budget despite the lower than budgeted deficit in 2023 and to replenish the reserves to fund strategic initiatives.

Other business

As follow-up to the suggestions that came from the FAR Committee's in-camera session on December 13, 2023, Committee members suggested that:

- Education be provided to Directors about the budgeting process and how the Board contributes to this process.
- The Board be provided with some options for expenditures for its own operations early in the budget cycle, where possible.
- Clarification be provided to the Board with respect to the differences in considerations for ESG/responsible investing and an ESG policy/framework that guides Board decision making.

6. Next committee meetings

The 2023-2024 FAR Committee approved the following meeting schedule:

- March 8, 2024 (virtual)
- May 9, 2024 (virtual)

7. Meeting evaluation

Overall, the FAR Committee and staff were pleased with the meeting.

8. Closing

With no further business, the meeting was closed at 12:58 pm (ET).