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Statement of Investment Policies and Procedures (SIPP)

Archived Content

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Archived on October 27, 2017

Q301. The administrator of our plan delegates the decision on whether or not and how to incorporate environmental, social and governance (ESG) factors to our investment managers. The plan has no policies or procedures to guide the administrator or the manager about incorporating ESG factors. Can this type of delegation be described in the statement of investment policies and procedures (SIPP) as incorporating ESG factors?

A301. No. If the plan administrator provides such broad discretion with respect to incorporating environmental, social and governance (ESG) factors to its managers, without policy guidance or oversight, it is FSCO's view that this does not constitute the incorporation of ESG factors in the plan's investment policies and procedures.

In order to state in the statement of investment policies and procedures (SIPP) that ESG factors are incorporated into the plan's broader investment policies and procedures, the administrator would need to take action beyond such a broad delegation. Some examples of the actions that administrators could take include:

- summarizing the managers' ESG policies, where the managers incorporate ESG factors into their investment policies;
- describing how the administrator incorporates ESG factors as part of the manager search, selection and review process; or
- describing how the administrator incorporates ESG in the choice of investment fund options.

To meet the regulatory requirement that the administrator describe how ESG factors are incorporated, such actions should be described at a high level in the plan's SIPP. – 08/2016

Archived on August 22, 2016

Q301. The administrator of our plan delegates the decision on whether or not to incorporate environmental, social and governance (ESG) factors, and the method of incorporating ESG factors, to our investment managers. The plan has no policy or guidelines that the managers must follow. Can this be described in the statement of investment policies and procedures (SIPP) as incorporating ESG factors?

A301. No. If the plan administrator provides such broad discretion with respect to the incorporation of environmental, social and governance (ESG) factors to its managers, FSCO suggests that the administrator disclose this fact in its statement of investment policies and procedures (SIPP). In order to state in the SIPP that ESG factors are incorporated into the plan's investment policies and procedures and to describe how, the administrator would need to take action beyond such a broad delegation. Some of the actions that administrators may take could include:

- adopting and describing the manager's ESG policies in the SIPP;
- describing in the SIPP how the administrator considers a manager's approach to the incorporation of ESG factors as part of the manager search, selection and review process; and,
- describing in the SIPP how the administrator incorporates ESG in the choice of investment fund options. - 2/2016

Q4. When must [this] the statement of investment policies and procedures (SIPP) information first be included in member statements?

A4. These amendments come into force on July 1, 2016. All annual member statements transmitted on and after that date must contain this new SIPP information. For example, annual member statements for a plan with a December 31, 2016 year end would include this information. -12/2014

Archived on February 12, 2016

Q3. Can I file the statement of investment policies and procedures earlier?

A3. Yes. However, if you file your statement of investment policies and procedures prior to January 1, 2016, you will have to re-submit it electronically through FSCO's Pension Services Portal after January 1, 2016. -12/2014

Q6. In addition to a statement of investment policies and procedures that meets the content requirements in the federal investment regulations, I also have other complimentary investment policies and procedures. Will I need to file the other investment policies or disclose them to plan members?

A6. No. The filing and disclosure requirements apply only to the statement of investment policies and procedures. -12/2014