

# INTEGRATING RESPONSIBLE INVESTMENT FOR FUTURE GENERATIONS

May 2022

By: Jean-François Bélanger, Senior Associate, Indigenous Markets,  
and Aaron White, Vice-President, Sustainable Investment, CIBC Asset Management

Estimated reading time: 10 minutes



## Truth and reconciliation

CIBC proudly acknowledges the unique histories, cultures and contributions of Indigenous communities in Canada, and accepts the responsibility as an institution to contribute to education as well as creating respectful relationships with Indigenous communities. CIBC has formally launched a Reconciliation Action Committee to build a framework with clear and measurable commitments that will accelerate progress while responding to Call to Action #92 of the Truth and Reconciliation Commission of Canada.

## Introduction

Indigenous communities are multi-generational stewards of the lands, waters, and resources known as Turtle Island. As such, they are a vital part of, and have a vested interest in, building an environmentally and socially responsible future that provides positive impacts for today, tomorrow and for next generations. To do so, Indigenous communities may wish to incorporate traditional and cultural values into investment policies that guide their portfolios.

In this paper, we explain responsible investing, why it's important, and how to implement it in your investment policy statement (IPS). Our goal is to provide you with the necessary information to address this topic when discussing the prudent and sustainable investment of your capital.

## What is responsible investment ?

Responsible Investing describes a range of approaches that incorporate environmental, social and governance (ESG) considerations in the investment process. In recent years, portfolio managers have adopted a more robust risk assessment of the investments they hold. This often means looking beyond financial reports to factors that can influence business prospects, sustainability, and reputation.

Approaches to responsible investing include the following:



### ESG Integration

Belief that combining ESG factors with financial analysis is a way to ensure that an investment opportunity properly reflects all risks, and may contribute to long-term financial performance.



### Socially Responsible Investing (SRI)

Investing to align with individual values. Typically screen to exclude companies that do not match an investor's beliefs, such as tobacco, weaponry, gambling, etc.



### Impact Investing

Investing with the intent to make a difference in the world by investing in companies or projects that make an impact on environmental or social challenges. The United Nations Sustainable Development Goals can be used as a framework.

At CIBC Asset Management, we employ a holistic approach to incorporating responsible investing into our clients' portfolios. We seek to understand their unique needs and values and provide consultative advice on how to best reflect those values in investment solutioning. We believe that ESG integration is a good way to understand how non-financial risk may impact our clients' investment performance, but also recognize that many investors would like more than risk management.

## Why is responsible investing important?

Responsible investing offers investors an opportunity to grow their capital while contributing to positive social and environmental changes, that will be sustainable for the next seven generations.

It's important to recognize that investing responsibly and reflecting community values within the investment policy does not necessarily detract from investment returns. ESG investing, SRI investing and Impact investing solutions have shown they can offer competitive market-rate returns—meaning investors can influence change and reflect their values in portfolio decision-making without sacrificing returns.



**The decisions we make today should result in a sustainable world seven generations into the future.**

- Haudenosaunee Philosophy

## How to integrate responsible investment in your Investment Policy Statement

As an Indigenous community considers aligning their investments with their mission and values, it's important to note that this can be implemented incrementally over time. We recognize the process should be fluid and ever-evolving. This includes establishing an initial framework that aligns with the community culture and values, and then refining the policies to more fully reflect these. This process can, in some cases, be a multi-decade process reviewed at regularly established intervals.

The first step is translating the community's mission and values into belief or outcome statements. This requires stakeholder input and possibly the board or investment committee to establish an initial framework. Direct engagement with community members or other relevant stakeholders should be an important part of the process.

The next step is understanding the investment implications and weighing these against the financial objectives. This includes looking at how these factors could impact the investible universe, the potential for concessionary returns, and balancing these considerations with the needs of the community. In terms of investment fulfillment, there are many ways to achieve the non-financial objectives or outcomes of the community. There is no single approach. The values and framework can be integrated through active ownership and stewardship (i.e., voting and engagement) or through investment restrictions based on environmental or social considerations. A decision on the right approach should reflect both the community's values and its financial objectives. CIBC Asset Management is experienced in working with clients and Indigenous communities to help facilitate this process and provide guidance on how to best implement the identified approach.

## How can we help?

At CIBC Asset Management, we're committed to helping our clients achieve their long-term financial goals. This commitment includes ensuring that sustainability is at the heart of everything we do. We integrate ESG factors into our investment decisions, analyzing ESG risks and opportunities to deepen our understanding of portfolio companies, all in the pursuit of achieving better outcomes for our clients. In addition to analyzing ESG factors, our Indigenous Markets and Sustainable Investment teams work with clients to understand what values are most important to them, and how CIBC can best reflect these values in a portfolio.

### CIBC Asset Management Capabilities

CIBC Asset Management's Indigenous Markets and Sustainable Investment teams are specialized and experienced teams dedicated to providing comprehensive financial solutions to Indigenous communities across Canada. Our teams' capabilities include the following:

- A strong culture of sustainability.
- A long history of working with Indigenous communities to achieve their ESG and sustainability goals.
- A dedicated team of ESG investment professionals available to propose customized solutions.
- A culturally relevant and tailored suite of financial literacy programs that can be offered in communities to help members develop comprehensive financial plans.
- A commitment to research & thought leadership based on your needs.
- Investment research that pursues superior performance and outcomes.

## Let's connect

Should you have any questions about this report, or would like to explore how CIBC can help you and your Nation, please do not hesitate to connect with us.

### Jean-François Bélanger, MBA

Senior Associate, Indigenous Markets, CIBC Asset Management

450-368-9984

[jf.belanger@cibc.com](mailto:jf.belanger@cibc.com)

Member of the Huron-Wendat Nation

### Aaron White, CIM

Vice President, Sustainable Investments, CIBC Asset Management

416-797-1172

[aaron.white@cibc.com](mailto:aaron.white@cibc.com)

Located on the traditional territory of many nations including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples

All information in this document is as of May 2022 unless otherwise indicated and is subject to change.

The views expressed in this document are the views of CIBC Asset Management Inc. and are subject to change at any time. CIBC Asset Management Inc. does not undertake any obligation or responsibility to update such opinions. This document is provided for general informational purposes only and does not constitute financial, investment, tax, legal or accounting advice nor does it constitute an offer or solicitation to buy or sell any securities referred to. Individual circumstances and current events are critical to sound investment planning; anyone wishing to act on this document should consult with his or her advisor. All opinions and estimates expressed in this document are as of the date of publication unless otherwise indicated, and are subject to change. CIBC Asset Management and the CIBC logo are trademarks of Canadian Imperial Bank of Commerce (CIBC), used under license. The material and/or its contents may not be reproduced without the express written consent of CIBC Asset Management Inc.