UNIVERSITY SECRETARIAT
• Board of Governors
• Senate

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BOARD OF GOVERNORS
Thursday, December 17, 2020 at 8:30 a.m.
Zoom

AGENDA

NOTE: Members who wish to have items moved from the Consent to the Regular Agenda should contact the University Secretariat before the Board meeting. Members may also request to have items moved when the Agenda is presented for approval at the Board meeting.

Page

A. OPEN SESSION

1. REMARKS FROM THE CHAIR

2. NOTICE OF MEETING - DECEMBER 3, 2020

3. APPROVAL OF THE AGENDA - OPEN SESSION

CONSENT (8:30 a.m.)

4. MINUTES OF PREVIOUS MEETING – OCTOBER 8, 2020 (OPEN SESSION)

Approval

9 - 16 **a.** Minutes - October 8, 2020 (Open Session)

5. REPORT FROM SENATE

Approval

17 - 18 Report from the Senate

19 - 28 **a.** SPS B7 – Policy for Referees – Tenure-Stream Faculty &
SPS B11 – Curriculum Vitae Requirements Revisions

29 - 34 **b.** Procedure for Making Acting Academic Administrative Appointments Memo
Procedure for Making Acting Academic Administrative Appointments (current)
Procedure for Making Acting Academic Administrative Appointments (track changes)

35 - 53 **c.** Ombuds Office – Terms of Reference Clean
Ombuds Office – Terms of Reference Tracked Changes

6. COMMITTEE REPORTS

a. REMUNERATIONS COMMITTEE

Approval

b. PLANNING AND RESOURCES COMMITTEE

Approval/Information

c. UNIVERSITY PLANNING COMMITTEE

Approval

MOTION: That items 4 to 6 be approved or received for information by consent.

REGULAR (8:35 a.m.)

7. BUSINESS ARISING (none)

8. COMMUNICATIONS (none)

9. PRESIDENT'S REPORT TO THE BOARD (8:40 a.m.)

Information

192 - 197 **a.** President's Report to the Board

10. REPORTS RECEIVED FOR INFORMATION (9:10 a.m.)

Information

198 - 226 **a.** Equity and Inclusion Office Annual Report

11. REPORT FROM SENATE (9:25 a.m.)

Information

227 - 231 **a.** Enrolment Update

12. COMMITTEE REPORTS (9:35 a.m.)

a. PLANNING AND RESOURCES COMMITTEE

Approval

232 Report from the Planning and Resources Committee

233 - 241 **i.** Centre for Continuing Education Fees

b. EXECUTIVE AND GOVERNANCE COMMITTEE

Approval

242 Report from the Executive and Governance Committee

243 - 249 **i.** Revisions to Board By-Laws – Appendix B - Banking Resolution Changes

250 - 255 **ii.** Revisions to Board By-Laws – University Student Fees Committee Membership
Revisions to Board By-Laws – University Student Fees Committee Membership (Amended November 24, 2020)

13. 2020-21 UPDATED CONSOLIDATED BUDGET (9:45 a.m.)

Approval

256 - 283 **a.** Executive Summary - 2020-21 Updated Consolidated Budget
2020-21 Updated Consolidated Budget

14. PRESENTATION TO THE BOARD OF GOVERNORS (10:10 a.m.)

Name: Roger Couldrey, Vice-President (Administration)
Title: Foundation to Operational Excellence

15. OTHER BUSINESS (10:40 a.m.)

McMaster University

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- Senate

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REPORT TO THE BOARD OF GOVERNORS
from the
SENATE

a. SPS B7 – Policy for Referees – Tenure-Stream Faculty & SPS B11 – Curriculum Vitae Requirements Revisions

At its meeting on October 14, 2020, Senate approved revisions to SPS B7 – Policy for Referees – Tenure-Stream Faculty & SPS B11 – Curriculum Vitae Requirements Revisions.

Senate now recommends,

that the Board of Governors approve the revisions to SPS – B7 Policy for Referees – Tenure-Stream Faculty and SPS B11 – Curriculum Vitae Requirements, as circulated.

b. Procedure for Making Acting Academic Administrative Appointments

At the same meeting, Senate approved the revised Procedure for Making Acting Academic Administrative Appointments.

Senate now recommends,

that the Board of Governors approve the revised Procedure for Making Acting Academic Administrative Appointments, as circulated.

c. Ombuds Office – Terms of Reference

At its meeting on November 11, 2020, Senate approved revisions to the Ombuds Office Terms of Reference. The changes were in response to a review which was conducted in 2019 that made a series of recommendations regarding the mandate and scope of the office.

Senate now recommends,

that the Board of Governors approve the proposed revisions to the Ombuds Office Terms of Reference.

d. Director of the CPA-DeGroote Centre for the Promotion of Accounting Education and Research - Terms of Reference

At its meeting on November 11, 2020, Senate approved revisions to the Director of the CPA-DeGroote Centre for the Promotion of Accounting Education and Research Terms

of Reference.

Senate now recommends,

that the Board of Governors approve the proposed revisions to the Director of the CPA-DeGroote Centre for the Promotion of Accounting Education and Research Terms of Reference.

Board of Governors: FOR APPROVAL
December 17, 2020

UNIVERSITY SECRETARIAT
- Board of Governors
- Senate

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TO: Senate Committee of Appointments

FROM: Andrea Thyret-Kidd

RE: Community Engaged Research

In November 2017, the Community Engaged Research Tenure and Promotion Working Group was struck to investigate ways to recognize and support community-engaged researchers within McMaster's tenure and promotion processes. The Group's work culminated in a report, which was submitted to the Dean of Social Sciences, and makes a number of recommendations related to the University's Supplementary Policy Statements B7 - *Policy for Referees – Tenure-Stream Faculty* and B11 - *Curriculum Vitae Requirements.* The recommendations were discussed at the Faculty's Chairs and Directors meeting where it was agreed that the report should be provided to the Provost's Office for further consideration and governance.

Dr. Susan Searls-Giroux, Acting Provost and Vice-President (Academic) reviewed the report and recommended revisions to SPS B7 and B11 and expressed support for the proposal. This positive sentiment was shared by Dr. Allison Sills and the McMaster University Faculty Association (MUFA) Executive. Dr. Sills indicated that the MUFA Executive supported the revisions as circulated. The materials are now presented to the Senate Committee on Appointments for review and approval. If approved, it will be provided to the Senate and Board of Governors for final approval.

The full report of the Working Group, including membership, is contained as Attachment I. Tracked versions of SPS B7 and B11 are provided as Attachment II and III.

Attachment I

Community Engaged Research Tenure and Promotion Supplementary Policy Change Proposals

Executive Summary (Draft)

Introduction

The McMaster Community Engaged Research Tenure and Promotion working group was formed in November 2017 in order to further T&P evaluation practices and process to better recognize Community Engaged Research (CER). In pursuit of that goal this document builds on the working group's efforts by outlining some context and summarizing proposed changes to two Supplementary Policy Statements: SPS B7, and B11.

The working group is comprised of:

Chelsea Gabel, Health, Aging and Society
Saara Greene, Social Work
Tina Moffat, Anthropology
Sheila Sammon, Office of Community Engagement
Chris Sinding, Social Work; Health, Aging and Society
Vanessa Watts, Sociology, Indigenous Studies Program
Staff support: C.A. Klassen, Office of Community Engagement

Context

The value McMaster University assigns to community engagement is evident in key institutional documents. Among the University's Strategic Goals is "enhancing the connections between McMaster and the communities we serve, locally, provincially, nationally and around the globe.[1]" A significant number of faculty members are skilled at and committed to CER, and community-engaged research, knowledge exchange and mobilization are increasingly valued by Tri-Council funders. Yet the requirements and goals of CER are in some tension with existing processes of assessing faculty members' performance.

After reviewing existing policies and developing strategies for how to practically recognize CER, the working group proposes the following changes and additions to Supplementary Policy Statements:

1. SPS B7: Policy for Referees – Tenure-Stream Faculty

[1] https://financial-affairs.mcmaster.ca/app/uploads/2018/07/2018-19_budget_REVISED.pdf

In this policy we propose the following minor additions (in red text) to the questions that external referees are asked to address a) through e), beginning at the bottom of page 2 in the policy:

a. Were you aware of the candidate's ~~publications~~ research before now? Had you read any of ~~them~~ the candidate's publications or other scholarly outputs?

b. What would you say is the general quality of the candidate's work?

c. To what degree is the candidate's work original and creative? How significant is it as a scholarly contribution in his or her special area and in the subject more generally?

d. ~~Apart from scholarly work, d~~ Do you know of any contribution the candidate made to the development of his or her subject in Canada or elsewhere, e.g., through activities in learned societies, organizing conferences, governmental commissions and so forth? In your opinion how significant have these activities been?

e. Is the candidate's scholarship of a sufficient quality to be acceptable for tenure or promotion based on the criteria detailed above? Please explain the basis of your assessment of his or her scholarship. We recognize that scholarship/research is not the only criterion for tenure and/or promotion, but expect that it is the only one about which you have information.

2. SPS B11: Curriculum Vitae Requirements

We propose adding the heading "Community engagement and knowledge exchange" to the CV policy under Lifetime Publications. In the context of CER highly recognized kinds of research outputs that are expected of community engaged researchers would be included here, such as community reports, policy briefs, and white papers. Thus, the additional sections would be listed as:

14 a) Peer Reviewed

v) community engagement and knowledge exchange

14 b) Not Peer Reviewed

v) community engagement and knowledge exchange

Attachment II

McMaster University

Policies, Procedures and Guidelines

Complete Policy Title: **Policy for Referees – Tenure-Stream Faculty**	Policy Number (if applicable): **SPS B7**
Approved by: **Senate** **Board of Governors**	Date of Most Recent Approval: **December 14, 2011** **December 15, 2011**
Date of Original Approval(s): **April 25, 1995**	Supersedes/Amends Policy dated: **April 22, 2002 (SPS 13)**
Responsible Executive: **Provost and Vice-President (Academic)**	Enquiries: ~~University Secretariat~~ Policy (University Secretariat)

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McMaster University's *Policy and Regulations with respect to Academic Appointment, Tenure and Promotion* (Tenure and Promotion Policy)[1] states, "In all cases where it sends forward a recommendation relating to tenure and/or promotion the department shall have obtained written judgments on the quality of the candidate's scholarly work from at least three referees outside of the University. Care shall be taken to ensure that the referees are at 'arm's length' from the candidate" [III.13]. **If you have any connection with the candidate, please indicate the nature of the connection.**

The Tenure and Promotion Policy also contains the following comments about a candidate's scholarly work.

> The search for new knowledge, whether it be in the form of new understandings of the natural world or new interpretations of the human one, is an essential part of the role of the modern university. Hence, it is expected that all faculty members will be engaged in some form of scholarly activity and the assessment of the quality of this work will be a key factor in the consideration of each faculty member's case for re-appointment, tenure and/or promotion [III.11].
>
> It is generally accepted within the university community that an assessment by other scholars working in the same field, or closely related fields, is the best way of determining the quality of scholarly work. This assessment finds expression in

[1] All Section and clause references [-] are to the Tenure and Promotion Policy

the acceptance of papers and manuscripts for peer-reviewed publication, in academic awards and the approval of research grants, in invitations to present conference papers and university seminars, in critical reviews of published works, in exhibitions or performances, and in confidential letters of reference [III.12].

A candidate for tenure and promotion to Associate Professor shall have established a promising program of scholarly work at McMaster University and be making the results of this work available for peer review in the public domain. In the majority of disciplines this will mean that there should be evidence of successful peer-reviewed publication and strong promise of more to come [III.20].

The timing of consideration for tenure and/or promotion at McMaster depends, to some extent, on the calibre of the candidate. In normal circumstances, for a person initially appointed to this University as a full-time Assistant Professor, consideration for tenure and promotion shall take place in the fifth year of the tenure-track appointment. [III 28a.i] Outstanding candidates may be considered for tenure and promotion to Associate Professor in their fourth year. [28d.i] Similarly, candidates who have had relevant experience at another university or institution may be considered before the fifth year, but not before the second year at McMaster. [28.d.ii]

For promotion to the rank of Professor a tenured faculty member shall have achieved a high degree of intellectual maturity. He or she shall have a good record as a teacher and shall be known widely on the basis of high-quality scholarship which has been evaluated by established scholars in the appropriate fields and has been published. The high-quality teaching and scholarship must both have been sustained over a period of years [III.23]. Except in exceptional circumstances, for promotion to the rank of Professor, a tenure-stream faculty member normally shall have spent at least six years in the Associate Professor rank. [III 33, 34]

While you are asked to include in your report brief answers to each of the questions listed below, please feel free to make any other comments which you believe may assist the University in arriving at a decision.

a. Were you aware of the candidate's research ~~publications~~ before now? Had you read any of the candidate's publications or other scholarly outputs ~~them~~?

b. What would you say is the general quality of the candidate's work?

c. To what degree is the candidate's work original and creative? How significant is it as a scholarly contribution in his or her special area

and in the subject more generally?

d. ~~Apart from scholarly work, d~~Do you know of any contribution the candidate made to the development of his or her subject in Canada or elsewhere, e.g., through activities in learned societies, organizing conferences, governmental commissions and so forth? In your opinion how significant have these activities been?

e. Is the candidate's scholarship of a sufficient quality to be acceptable for tenure or promotion based on the criteria detailed above? Please explain the basis of your assessment of his or her scholarship. We recognize that scholarship/research is not the only criterion for tenure and/or promotion, but expect that it is the only one about which you have information.

Your letter will be regarded as confidential and will be made available only to the Department and Faculty Committees on Tenure and Promotion and to the Senate Committee on Appointments. However, a faculty member who is unsuccessful in this process will be provided with unattributed copies of the originals of any external letters of reference either by the Department Chair or the Chair of the Senate Committee on Appointments. Preparing an "unattributed copy" means removing the letterhead and the author's name; it also entails an obligation, on the part of the appropriate Chair, to go through the text and remove references which would directly or indirectly reveal the name of the writer.

McMaster University

Policies, Procedures and Guidelines

Complete Policy Title: **Curriculum Vitae Requirements**	Policy Number (if applicable): **SPS B11**
Approved by: **Senate** **Board of Governors**	Date of Most Recent Approval: **April 12, 2017** **April 20, 2017**
Date of Original Approval(s): **December 14, 2011**	Supersedes/Amends Policy dated: **December 14, 2011** **December 15, 2011**
Responsible Executive: **Provost and Vice-President (Academic)**	Enquiries: ~~University Secretariat~~Policy (University Secretariat)

Field Code Changed

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Faculty members being considered for re-appointment, tenure, permanence, promotion or as a candidate for an academic or administrative office at McMaster University should have an up-to-date curriculum vitae prepared for consideration. It is the faculty member's own responsibility to prepare and keep the curriculum vitae up-to-date and it is the responsibility of the Department Chair to ensure that it is accurate for cases of re-appointment, tenure, permanence, and promotion.

Curricula vitae must follow the exact format, in the sequence presented, including the sequence within every category. Any category that is not applicable should be identified as such.

1. Name in full, with common designate underlined

2. Business address (including postcode) and telephone number(s) (including area code)

3. Educational Background (since high school)
   - degrees, fellowships, diplomas, certificates including designation (BSc, PhD, FRCP(C), etc.); institution, department and location, year received

4. Current Status at McMaster
   - rank and title, joint appointments, associate memberships

- status (tenured, continuing appointment without annual review, permanent, contract etc.)
- all dates that apply, e.g., first appointment at McMaster, date tenure or permanence was conferred; etc.) to be listed

5. Professional Organizations

   - name (note those that are elected)

6. Employment History (include starting and ending [if appropriate] dates, ranks, departments, institutions, locations)

   a. academic b. consultations c. other

7. Scholarly and Professional Activities (include starting and ending [if appropriate] dates, and number of reviews, if appropriate)

   a. editorial boards
   b. grant & personnel committees
   c. executive positions
   d. journal referee
   e. external grant reviews

8. Areas of Interest (research, teaching, consulting)

9. Honours

   - FRSC, Governor General's Award, Honorary Degrees
   - fellowships, scholarships, scientific awards (including title, agency, as well as starting and ending [if appropriate] dates)

10. Courses Taught[1] (last five years) (include department [program] number, title, dates taught).

    a. undergraduate
    b. graduate
    c. postgraduate (medical)
    d. other

[1] In the Faculty of Health Sciences, this includes program components without course designations i.e. tutorials, large group sessions non-clinical electives, etc.

11. Contributions to Teaching Practice

a. pedagogic innovation and/or development of technology-enhanced learning
b. leadership in delivery of educational programs
c. course/curriculum development
d. development/evaluation of educational materials and programs
e. other

12. Supervisorships (include department [program] numbers completed, in progress, inactive and dates)

a. master
b. doctoral
c. post-doctoral/fellowship
d. clinical/professional
e. supervisory committees
f. other

13. Lifetime Research Funding

The names of all the individual(s) to whom the grant is awarded should be listed and the principal investigator's name must be underlined.

- include type, source agency, amount, purpose, title

14. Lifetime Publications

The sequence of authors must be the exact replica of the sequence in which the work was published.

a. *Peer Reviewed*

i) books
ii) contributions to books
iii) journal articles
iv) research creation and artistic contributions (e.g. exhibitions, performances, recordings, screenings)
v) community engagement and knowledge exchange
vi) journal abstracts
vii) other, including Proceedings of Meetings

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b. *Not Peer Reviewed*

i) books
ii) contributions to books
iii) journal articles
iv) research creation and artistic contributions (e.g. exhibitions, performances, recordings, screenings)
v) community engagement and knowledge exchange

McMaster University

vi) journal abstracts
vii) other, including Proceedings of Meetings

c. *Accepted for Publication* (in final form)
d. *Submitted for Publication*
e. *Unpublished Documents*
   i) technical report series ii) other

15. Presentations at Meetings

    For presentations attributable to multiple authors, the sequence of authors must replicate that in which the abstract was accepted, with the name(s) of the presenter(s) underlined.

    a. *Invited*
    b. *Contributed*
       i) peer reviewed ii) not peer reviewed

16. Patents, Inventions and Copyrights

17. Administrative Responsibilities (include name, role: member or chair, starting and [if appropriate] ending date)

18. Other Responsibilities

McMaster University

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September 8, 2020

TO: Senate Committee on Appointments

FROM: Andrea Thyret-Kidd, University Secretary

RE: Revised Procedure for Making Acting Academic Administrative Appointments

As part of its regular work reviewing McMaster's policies and procedures, the University Secretariat is proposing a number of revisions to the Procedure for Making Acting Academic Administrative Appointments. The proposed changes include:

- Format change to new standard policy template, as well as the inclusion of numbering
- "Purpose" section added to clarify and articulate details of the Procedure
- Revising the second category of acting appointment from "Up to Four Months" to "Up to Seven Months"
- Adding language to enhance clarity throughout the document

Tracked and original versions of the Procedure for Making Acting Academic Administrative Appointments are contained as appendices.

Motion:

that the Senate Committee on Appointments approve, for recommendation to Senate, the revised Procedure for Making Acting Academic Administrative Appointments, as circulated.

McMaster University

Policies, Procedures and Guidelines

Complete Policy Title: **Procedure for Making Acting Academic Administrative Appointments**	Policy Number (if applicable):
Approved by: **Senate** **Board of Governors**	Date of Most Recent Approval: **April 9, 2014** **April 17, 2014**
Date of Original Approval(s): **May 15, 2006** **June 15, 2006**	Supersedes/Amends Policy dated: **May 15, 2006** **June 15, 2006**
Responsible Executive : **University Secretary**	Enquiries: **University Secretariat**

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From time to time circumstances arise in which it is necessary for an administrative position to be filled by someone in an acting role for a period of time. The procedures outlined below for making such appointments are designed to cover all eventualities*.

Acting Academic Administrative Appointments of up to four weeks in duration:

Acting academic administrative appointments, of up to four weeks in duration, may be made directly by the administrator who will be absent. Notification of the appointment must be sent to that administrator's supervisor, to those who report to that officer and to the University Secretary.

Acting Academic Administrative Appointments of up to four months in duration:

An acting appointment of up to four months in duration may be made by the academic administrator to whom the position reports. Such appointments are to be reported, for information, to the unit being administered, to the Senate Committee on Appointments and to the University Secretary.

Acting Administrative Appointments of up to one year in duration:

Acting administrative appointments may be made, for up to one year in duration. (Administrative appointments covered by this procedure include Department Chairs and Directors of Schools and those positions listed in Senate By-law 118(b) for which *ad hoc* selection committees must be established by Senate). The acting appointment shall be recommended to Senate, through the Senate Committee on Appointments, by the person to whom the position would normally report. Appropriate consultation, relevant to the particular circumstances, is expected before such an acting appointment is recommended. The

*Because the University Act makes specific provision for the appointment of an Acting President, this policy does not apply to the position of University President.

communication to the Senate Committee on Appointments and Senate shall describe the consultation that led to the acting appointment recommendation. After receiving Senate approval, the acting appointment recommendation shall be forwarded to the Board of Governors for ratification. Other than in exceptional circumstances, the renewal of an acting appointment made under this procedure can only be recommended by a duly-appointed selection committee struck for the purpose of selecting a regular appointee to the position.

McMaster University

Policies, Procedures and Guidelines

Complete Policy Title	Policy Number (if applicable):
Procedure for Making Acting Academic Administrative Appointments	
Approved by	**Date of Most Recent Approval**
Senate / Board of Governors	Date 2020/ Date 2020
Date of Original Approval(s)	**Supersedes/Amends Policy dated**
June 15, 2006	June 15, 2006 April 17, 2014
Responsible Executive	**Policy Specific Enquiries**
Provost and Vice-President (Academic)	Provost and Vice-President (Academic)
	General Policy Enquiries
	Policy (University Secretariat)

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PURPOSE

1. This Policy provides guidance in those circumstances when it is necessary for an administrative position to be filled by someone in an acting role for a period of time.

2. Administrative appointments covered by this procedure include Department Chairs and Directors of Schools and those positions listed in Senate By-laws for which *ad hoc* selection committees must be established by Senate. Because the University Act makes specific provision for the appointment of an Acting President, this policy does not apply to the position of University President.

3. For the purpose of interpreting this document "Acting Appointment" means an Acting Academic Administrative Appointment.

ACTING ACADEMIC ADMINISTRATIVE APPOINTMENTS

For up to twelve (12) weeks in duration

4. Acting Appointments of up to twelve (12) weeks in duration, may be made directly by the administrator who will be absent.

5. Notification of the appointment must be sent to:
   a) that administrator's supervisor;
   b) to those who report to that administrator;
   c) the appropriate administrative unit; and
   d) the University Secretary.

6. Any subsequent renewal(s) shall be reported to the Senate Committee on Appointments for information.

For up to seven (7) months in duration

7. Acting Appointments of more than 12 weeks and up to seven (7) months in duration may be made by the academic administrator to whom the position reports.

8. Such appointments are to be reported, for information, to the:
   a) appropriate administrative unit;
   b) Senate Committee on Appointments; and
   c) University Secretary.

For up to one (1) year in duration

9. It is expected that appropriate consultation, relevant to the particular circumstances, will be done before Acting Appointments of more than 7 months and up to one (1) year in duration are recommended.

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10. Such appointments shall be recommended to Senate, through the Senate Committee on Appointments, by the person to whom the position would normally report.

11. The communication to the Senate Committee on Appointments and Senate shall describe the consultation that led to the acting appointment recommendation.

12. After receiving Senate approval, the Acting Appointment recommendation shall be forwarded to the Board of Governors for approval.

Deleted: ratification

13. Other than in exceptional circumstances, the renewal of an Acting Appointment made under this section of the Policy can *only* be recommended by a duly-appointed selection committee struck for the purpose of selecting a regular appointee to the position. The recommendation of the selection committee will be sent to the Senate Committee on Appointments, Senate, and Board of Governors for approval.

OMBUDS OFFICE

TERMS OF REFERENCE

McMaster University is committed to the just, fair and equitable treatment of each and every member of the University community. In keeping with this commitment, the University joined with the McMaster Student Union (MSU) in 1998 to support the development of a jointly funded Ombuds Office.

1. MANDATE

The mandate of the Ombuds Office (hereinafter referred to as "the Office") is twofold in nature. First, the Office is to provide an independent, impartial and confidential process through which members of the University may pursue the just, fair and equitable resolution of any university-related matter involving or relating to students. Secondly, the Office is to make recommendations, where appropriate, for changes in MSU and University student-related policies and procedures and to promote discussion on student-related matters of institution-wide concerns.

2. PRINCIPLES

Ombuds Offices are founded on a number of general principles including independence, impartiality, confidentiality, informality, the ability to investigate, and accessibility. These principles are reflected in the structure and operation of the Office.

3. STRUCTURE

3.1 The Office is jointly funded and supported by both the University and the MSU.

3.2 The Ombudsperson reports directly to the President of the University and the President of the MSU and is otherwise independent of all existing administrative structures.

3.3 The Ombudsperson is supported by an Advisory Committee with the purpose of advising on and assisting in fulfilling the mandate of the Office[1].

3.4 The Ombudsperson interacts with the University Secretary and the MSU for administrative support purposes (day-to-day operations).

4. CONFIDENTIALITY

4.1 The Ombudsperson[2] shall meet with persons or groups on a confidential basis and shall not intervene without their written or e-mail consent. The provision of proof of consent is not a precondition of the Ombudspersons' inquiries or investigations.

4.2 Notwithstanding the foregoing, the Ombudsperson is not required to maintain confidentiality in cases involving the commission of a serious crime or where there is an imminent risk of physical harm or abuse.

---

[1] See Advisory Committee Terms of Reference below.

[2] The word "Ombudsperson" as used in these Terms of Reference, is intended to cover not only the Ombudsperson, but also other staff who may be authorized from time to time to carry out certain functions of the Office.

4.3 The Ombudsperson shall ensure the confidentiality of all records maintained in the Ombuds Office and shall develop a suitable record retention policy.

4.4 The Ombudsperson shall not be required to give evidence before a University tribunal about anything that they may have learned in the exercise of their duty. The University will endeavour to protect the Ombudsperson from subpoena by others both inside and outside the University.

5. JURISDICTION

5.1 Who may bring concerns to the Office:

The Ombuds Office may receive any student-related inquiry or concern regarding the University and/or a student association (MSU, GSA, MAPS) from any McMaster student, staff or faculty member. At the Ombudsperson's discretion, concerns may also be received from former students in respect of matters arising out of their former student status and from University applicants whether accepted or not at the time of the initial contact.

McMaster faculty or staff may bring student-related issues to the Ombuds Office

5.2 Protection from Reprisals

Members of the university community have the right to seek the assistance of the Ombuds Office in relation to student matters without reprisal or threat of reprisal from any other University member or Office. Any individual or body found to make such reprisals or threats will be subject to disciplinary action.

5.3 Initiate Investigations

The Ombudsperson may initiate inquiries or investigations on their own initiative as provided in Section 6.4.

5.4 Collective Agreements

The Ombudsperson shall not intervene in any matter covered by a collective agreement, unless all parties consent to the Ombudsperson's informal involvement.

5.5 Legal Matters

The Ombudsperson shall not intervene if a matter is currently pending in a legal forum. In the event that both parties have retained a solicitor, the Ombudsperson may only intervene if both parties and their solicitors' consent. The Ombudsperson may always provide information pertaining to University policies and procedures.

5.6 Refusal to Intervene

The Ombudsperson may refuse to intervene or may withdraw from a case where:

(a) the concerns are deemed to be unjustified;

(b) the request for intervention is made in bad faith or is otherwise considered by the Ombudsperson to be frivolous or vexatious in nature;

(c) the Ombudsperson deems that their intervention is not necessary having regard to the circumstances and /or;

(d) the person or group has recourse to another individual, group, or University authority likely to correct the situation within a reasonable time and the Ombudsperson deems it advisable to exhaust this avenue before involving the Ombuds Office.

The Ombudsperson shall explain to all the relevant parties the reasons for the Ombudsperson's refusal to intervene or decision to withdraw from a case. [3]

6. FUNCTIONS

The Ombudsperson performs a variety of functions including; providing information, referring inquiries to the appropriate individuals or Offices, offering advice, intervening to facilitate a resolution, making inquiries, investigating concerns, recommending fair resolutions to individual cases and publishing reports on University wide issues.

6.1 Information and Referral

The Ombudsperson shall act as a source of general information and referral on matters pertaining to University policies, procedures and resources affecting students.

6.2 Advice

The Ombudsperson shall provide advice to students, staff and faculty to help resolve student-related concerns and to assist individuals in generating and evaluating options and determining an appropriate course of action. The Ombudsperson shall encourage individuals, where appropriate, to approach the other party or Office in a dispute directly and to act on their own behalf in resolving concerns.

6.3 Intervention

In cases where the Ombudsperson deems it is appropriate and with the consent of one of the individual(s) involved, the Ombudsperson may intervene to attempt the resolution of a concern. Normally the Ombudsperson will intervene following the completion of informal procedures and prior to the commencement of more formal procedures. Once a formal procedure has been commenced the Ombudsperson shall not intervene except in cases of serious procedural irregularities. This will not prohibit the Ombudsperson from continuing to offer advice and assistance to the party(ies) without becoming directly involved in the process. The method of intervention remains at the discretion of the Ombudsperson. Any intervention shall be directed at obtaining a resolution in a timely and efficient manner, at the lowest level possible within the organization.

6.4 Inquiries and Investigations

The Ombudsperson may, at their discretion, and with the consent of one of the individual(s) involved, or on their own initiative, conduct an informal inquiry or a more formal investigation concerning matters that they feel warrants such treatment.

After concluding the inquiry or investigation, the Ombudsperson shall evaluate the merits of the concern and notify the parties of their findings. When the Ombudsperson concludes that a concern is not substantiated, the findings will be explained to the individuals involved. Otherwise, the findings may form the basis of a case specific recommendation and/or a recommendation involving policy and/or procedures, as outlined below.

6.5 Case specific recommendations

[3] The Ombudsperson is not required to provide reasons to parties outside of the University community.

The Ombudsperson may bring such findings to the attention of those in authority and may make recommendations with a view to remedying an individual situation. The Ombudsperson shall inform the relevant authority of the scope of their inquiry or investigation and the authority may, in the case of an informal inquiry, request that the Ombudsperson conducts a more formal investigation and report back their findings. To the extent that the recommendation(s) are not acted upon, the Ombudsperson may seek relief from a higher authority or, as a final resort, bring the matter to the general attention of the University community.

6.6 Recommendations involving policy and procedures

The Ombudsperson may bring to the attention of those in authority any policies, rules or procedures that appear unclear, inequitable or unfair. The Ombudsperson may suggest changes to existing policies, rules or procedures or offer advice on the development of new policies, rules or procedures.

6.7 Publishing Reports

The Ombudsperson shall publish an Annual Report containing; statistical information on the number and type of cases handled by the Office, highlights of any general trends identified in the caseload, and recommendations, as necessary. The report shall be provided, for information purposes, to the Senate and the Student Representative Assembly and shall be widely distributed within the University community. The Senate Executive and the MSU Board of Directors shall ensure that the appropriate administrators consider and respond to the recommendations contained in the report.

6.8 Ombudsperson to have access to information to fulfill functions

In order to fulfill the functions of the Office, the Ombudsperson shall have broad access to all members of the University community and all University and MSU files, records, reports and information, as reasonably required, and in accordance with any applicable laws and the University's "Guidelines on Access to Information and Protection of Privacy" and applicable MSU policies.

6.9 Prohibited Functions

Although the Ombudsperson is authorized to function in the widest possible context and with minimum of constraints, the Ombudsperson shall not:

(a) act as an advocate of any party during the investigation of a concern although after hearing from all parties the Ombudsperson may act as an advocate for the fair and just resolution of a case;

(b) have a judicial function, that is, will not make binding decisions in any cases, although the Ombudsperson may, where appropriate make recommendations;

(c) make, change or set aside University policies and procedures although recommendations may be made for their improvement;

(d) be a voting member of any committee, hiring board or council of the University or the MSU or any other body on campus although the Ombudsperson may act as a consultant;

(e) accept notice on behalf of any party, including the University.

7. OTHER RELATED DOCUMENTS

The Procedural Guidelines are available on request.

8. REVIEW

8.1 These Terms of Reference shall be reviewed periodically by the Ombudsperson and the Advisory Committee. Any proposed revisions shall be forwarded to the Senate, the Board of Governors, and the Student Representative Assembly.

PROCEDURAL GUIDELINES FOR THE OMBUDS OFFICE

1. Accessibility

The Ombudsperson shall make every effort to ensure that the Office is accessible to students and shall undertake, whenever possible, to inform the student community of the existence of the Office and its function.

The Ombuds Office shall have flexible Office hours to ensure that the services of the Ombudsperson are available to the entire University community.

2. Case management

The Office shall normally function on a first come, first served basis. However, cases that are particularly time sensitive or critical in nature may assume priority at the Ombudsperson's discretion. All cases shall be processed as expeditiously as possible.

In the event that a period of one month should elapse, during which the Ombudsperson is unable to contact a visitor to the Office, the Ombudsperson may consider the case to be withdrawn.

3. Forms of Intervention

The method of intervention remains at the discretion of the Ombudsperson but may include:

(a) requesting that a University official meet with a member of the University community; meeting directly with the other party(ies);
(b) facilitating communication between the parties;
(c) reviewing any relevant University record;
(d) making informal inquiries into a matter;
(e) utilizing a form of shuttle diplomacy;
(f) facilitating a meeting between the parties;
(g) mediating a dispute;
(h) formally investigating a claim; and
(i) offering recommendations for a fair resolution.

4. Records

The Ombudsperson shall maintain suitable files for records of complaints, findings and recommendations. It is the responsibility of the Ombudsperson to ensure that these records are kept secure with access restrictions in place for both paper and digital files. These files shall be accessible only to the Ombudsperson and members of the staff of the Ombuds Office. The Ombuds Office shall be deemed the custodian for its own records and will be responsible for the retention, storage and disposition of the files.

5. Retention of Records

Each file will be maintained for a period of seven years from the date on which the file was active. Once files have met the retention requirement, they shall be securely destroyed. However, no destruction of the file or record will take place if the Ombudsperson is aware of any proceeding arising from the case that is still pending before a University tribunal, any outside tribunal, the Courts, or Access to information Request under FIPPA.

6. The Advisory Committee: Terms of Reference

The Committee shall meet several times a year in order to provide advice and assistance in fulfilling the mandate of the Office, including the following:

(a) provide advice and guidance to the Ombuds on issues related to the mandate;
(b) act as a sounding board for the Ombuds;
(c) review and provide feedback to the Ombuds on the annual report and assist the Ombuds in distributing it widely within the McMaster community;
(d) make recommendations to the Ombuds on how best to promote and enhance the visibility of the Office;
(e) review the financial and resource requirements of the Office to ensure the Ombuds has adequate support to fulfil their mandate and make recommendations to the MSU President and the President of the University as appropriate;
(f) recommend to the MSU President and McMaster President, a hiring committee for the Ombuds position when needed, and, if necessary, a temporary Ombuds should the position become vacant;
(g) in consultation with the Ombuds and the President of the MSU and the President of the University, organize and oversee regular reviews of the Office, normally every two to five years, and make recommendations as appropriate;
(h) investigate complaints made about the Ombudsperson and make recommendations as appropriate;
(i) assist the Ombuds in maintaining the independence and impartiality of the Office, as well as in accessing relevant individuals and information as necessary to fulfill the mandate.

The Committee shall do the above without becoming involved in the substance of cases and subject to the confidentiality rules governing the Office.

The Advisory Committee shall be composed of eight (8) voting members:

(a) McMaster President (or delegate) Delegated to the University Secretary (co-Chair)
(b) MSU President (or delegate) (co-Chair)
(c) Three (3) members from the MSU (SRA or non-SRA)
    a. To be appointed by the MSU President or delegate and approved at SRA.
    b. At least one member will be a current member of SRA.
(d) Three (3) members from the University
    a. To be appointed by the McMaster President or delegate and approved at Senate.
    b. At least one member will be a current faculty memberSenator.
(e) When possible, membership of the committee will be for two years. If the position becomes vacant within two years of a member joining the committee, a new member may be appointed to fill the position.
(f) Membership on the committee is renewable after two years.

The Ombudsperson shall be a non-voting member of the committee and may be accompanied, at their discretion, by an Ombuds staff member.

Procedures

(a) All meetings shall be held in closed session.
(b) One member of the Advisory Committee shall be the notetaker for all meetings. If that member is absent for a meeting, the co-Chairs may designate another individual to take notes.
(c) Agenda items and any accompanying documents are to be submitted to at least one (1) co-Chair a minimum of five (5) days in advance of meetings.
(d) Quorum shall be four (4) voting members, including both co-Chairs, one (1) representative from the University and one (1) representative from the MSU.
(e) Any member of the Advisory Committee who has a conflict of interest with regard to any matter on the agenda must refrain from comment and vote on that matter.

(f) In the case of a tie, a motion before the committee shall fail.

(g) The Advisory Committee shall periodically review its own terms of reference and that of the Ombudsperson. This will be done after the first year of operation and on an as needed basis from that point forward. Any changes to the terms of reference for the operations of the Committee or the Office of the Ombudsperson will require:

   a. Notice of recommended changes to be provided at least two weeks in advance of a meeting called for the purpose of reviewing the terms of reference.
   b. Two thirds (2/3) majority of the sitting members of the committee. Six (6) votes, as there are eight (8) voting members of the committee, must be in favour in order for changes to be made to the terms of reference.
   c. Any changes to the terms of reference of the Ombuds Office, including the Advisory committee shall be subject to approval of the SRA, Senate, and Board of Governors.

OMBUDS OFFICE

TERMS OF REFERENCE

McMaster University is committed to the just, fair and equitable treatment of each and every member of the University community. In keeping with this commitment, the University joined with the McMaster Student Union (MSU) in 1998 to support the development of a jointly funded Ombuds Office.

1. MANDATE

The mandate of the Ombuds Office (hereinafter referred to as "the Office") is twofold in nature. First, the Office is to provide an independent, impartial and confidential process through which ~~members of the University community~~~~McMaster students~~ members of the University may pursue the just, fair and equitable resolution of any university-related ~~concern~~matter~~s~~ involving or relating to students. Secondly, the Office is to make recommendations, where appropriate, for changes in MSU and University student-related policies and procedures and to promote discussion on student-related matters of institution-wide concerns.

2. PRINCIPLES

Ombuds Offices are founded on a number of general principles including independence, impartiality, confidentiality, informality, the ability to investigate, and accessibility. These principles are reflected in the structure and operation of the Office.

3. STRUCTURE

3.1 The Office is jointly funded and supported by both the University and the MSU.

3.2 The Ombudsperson reports directly to the President of the University and the President of the MSU and~~, and interacts with the University Secretary for administrative management and support purposes (day-to-day operations) and~~~~but~~ is otherwise independent of all existing administrative structures.

3.3 The Ombudsperson is supported by an Advisory Committee with the purpose of advising on and assisting~~t~~ in fulfilling the mandate of the Office[1]~~in~~. ~~the day-to-day operation of the Office.~~

~~A Management Committee composed of the Associate Vice-President (Student Affairs) and the VP Education of the MSU shall assist the Ombudsperson in the day-to-day operation of the Office.~~

3.4 The Ombudsperson interacts with the University Secretary and the MSU ~~Office~~ for administrative support purposes (day-to-day operations).

4. CONFIDENTIALITY

[1] See Advisory Committee Terms of Reference below.

4.1 The Ombudsperson[2] shall meet with persons or groups on a confidential basis and shall not intervene without their written or e-mail consent. The provision of proof of consent is not a precondition of the Ombudspersons' inquiries or investigations. The Ombudsperson *shall meet with persons or groups on a confidential basis and shall not intervene without their express written, or e-mail, consent.

4.2 Notwithstanding the foregoing, the Ombudsperson is not required to maintain confidentiality in cases involving the commission of a serious crime or where there is an imminent risk of physical harm or abuse.

4.3 The Ombudsperson shall ensure the confidentiality of all records maintained in the Ombuds Office and shall develop a suitable record retention policy.

4.4 The Ombudsperson shall not be required to give evidence before a University tribunal about anything that he/shethey may have learned in the exercise of theirhis/her duty. The University will endeavour to protect the Ombudsperson from subpoena by others, both inside and outside the University.

5. JURISDICTION

5.1 Who may bring concerns to the Office:

The Ombuds Office may receive any studentUniversity-related inquiry or concern regarding the University and/or a student association (MSU, GSA, MAPS) -from any McMaster student, staff or faculty member. McMaster student.member of the

*The word "Ombudsperson" as used in these Terms of Reference, is intended to cover not only the Ombudsperson, but also other staff who may be authorized from time to time to carry out certain functions of the Office. University communitycommunity, including all faculty, staff and students. From time to time, there may be students in collaborative progammes who are specifically excluded from using the services of the Ombudsperson. At the Ombudsperson's discretionOmbudsperson's discretion, concerns may also be received from from former students and previously employed staff and faculty in respect of matters arising out of their former student status or University employmen and t. Concerns may also be received, at the discretion of the Ombudsperson, from University applicants whether accepted or not at the time of the initial contact.

McMaster faculty or staff may bring student-related issues to the Ombuds Office

:

IIf approached by McMaster faculty or staff on non-student-related issues, the Ombudsperson will make those individuals aware of resources available to them e.g., employee groupsunions or associations such as MUFA, Confidential Disclosure policy, etc.

5.2 Protection from Reprisals

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[2]The word "Ombudsperson" as used in these Terms of Reference, is intended to cover not only the Ombudsperson, but also other staff who may be authorized from time to time to carry out certain functions of the Office.

~~Any member of the University community~~ Members of the university community ~~Students~~ ha~~s~~ve the right to seek the assistance of the Ombuds Office in relation to student matters without reprisal or threat of reprisal from any other University member or Office. Any individual or body found to make such reprisals or threats will be subject to disciplinary action.

5.3 Initiate Investigations

The Ombudsperson may initiate inquiries or investigations on ~~his/her~~their own initiative as provided in Section 6.4.

5.4 Collective Agreements

The Ombudsperson shall not intervene in any matter covered by a collective agreement~~agreement~~, unless all parties consent to the Ombudsperson's informal involvement.

5.5 Legal Matters

The Ombudsperson shall not intervene if a matter is currently pending in a legal forum. In the event that both parties have retained a solicitor, the Ombudsperson may only intervene if both parties and their solicitors' consent. The Ombudsperson may always provide information pertaining to University policies and procedures.

5.6 Refusal to Intervene

The Ombudsperson may refuse to intervene or may withdraw from a case where:

(a) the concerns are deemed to be unjustified;

(b) the request for intervention is made in bad faith or is otherwise considered by the Ombudsperson to be frivolous or vexatious in nature;

(c) the Ombudsperson deems that ~~his/her~~their intervention is not necessary having regard to the circumstances and /or;

(d) the person or group has recourse to another individual, group, or University authority likely to correct the situation within a reasonable time and the Ombudsperson deems it advisable to exhaust this avenue before involving the Ombuds Office.

The Ombudsperson shall explain to all the relevant parties ~~parties~~ the reasons for the Ombudsperson's refusal to intervene or decision to withdraw from a case. [3]

6. FUNCTIONS

The Ombudsperson performs a variety of functions including; providing information, referring inquiries to the appropriate individuals or Offices, offering advice, intervening to facilitate a resolution, making inquiries, investigating concerns, recommending fair resolutions to individual cases and publishing reports on University wide issues.

6.1 Information and Referral

[3] The Ombudsperson is not required to provide reasons to parties outside of the University community.

The Ombudsperson shall act as a source of general information and referral ~~for students, staff and faculty~~ on matters pertaining to University policies, procedures and resources affecting students.~~.~~

6.2 Advice

The Ombudsperson shall provide advice to students~~, staff and facult~~, staff and faculty ~~y~~ to help resolve student-related concerns and to assist individuals in generating and evaluating options and determining an appropriate course of action. The Ombudsperson shall encourage individuals, where appropriate, to approach the other party or Office in a dispute directly and to act on their own behalf in resolving concerns.

6.3 Intervention

In cases where the Ombudsperson deems it is appropriate and with the consent of one of the individual(s) involved, the Ombudsperson may intervene to attempt the resolution of a concern. Normally the Ombudsperson will intervene following the completion of informal procedures and prior to the commencement of more formal procedures. Once a formal procedure has been commenced the Ombudsperson shall not intervene except in cases of serious procedural irregularities. This will not prohibit the Ombudsperson from continuing to offer advice and assistance to the party (ies) without becoming directly involved in the process. The method of intervention remains at the discretion of the Ombudsperson. Any intervention shall be directed at obtaining a resolution in a timely and efficient manner, at the lowest level possible within the organization.

6.4 Inquiries and Investigations

The Ombudsperson may, at their~~her/his~~ discretion, and with the consent of one of the individual(s) involved, or on ~~his/her~~their own initiative, conduct an informal inquiry or a more formal investigation concerning matters that ~~s/he~~they feel~~s~~ warrants such treatment.

After concluding the inquiry or investigation, the Ombudsperson shall evaluate the merits of the concern and notify the parties of ~~her/his~~their findings. When the Ombudsperson concludes that a concern is not substantiated, ~~s/he~~~~the shall explain her/his~~the~~ir~~ findings will be explained to the individuals involved. Otherwise, the findings may form the basis of a case specific recommendation and/or a recommendation involving policy and/or procedures, as outlined below.

6.5 Case specific recommendations

The Ombudsperson may bring such findings to the attention of~~f~~ those in authority and may make recommendations with a view to remedying an individual situation. The Ombudsperson shall inform the relevant authority of the scope of ~~his/her~~their inquiry or investigation and the authority may, in the case of an informal inquiry, request that the Ombudsperson conducts a more formal investigation and report back ~~as to her/his~~their findings. To the extent that the recommendation(s) are not acted upon, the Ombudsperson may seek relief from a higher authority or, as a final resort, bring the matter to the general attention of the University community.

6.6 Recommendations involving policy and procedures

The Ombudsperson may bring to the attention of those in authority any policies, rules or procedures that appear unclear, inequitable or unfair. The Ombudsperson may suggest changes to existing policies, rules or procedures or offer advice on the development of new policies, rules or procedures.

6.7 Publishing Reports

The Ombudsperson shall publish an Annual Report containing; statistical information on the number and type of cases handled by the Office, highlights of any general trends identified in the caseload, and recommendations, as necessary. The report shall be provided, for information purposes, to the Senate and the Student Representative

Assembly and shall be widely distributed within the University community. The Senate Executive and the MSU Board of Directors shall ensure that the appropriate administrators consider and respond to the recommendations contained in the report.

6.8 Ombudsperson to have access to information to fulfill functions

In order to fulfill the functions of the Office, the Ombudsperson shall have broad access to all members of the University community and all University and MSU files, records, reports and information, as reasonably required, and in accordance with any applicable laws and the University's "Guidelines ~~Guidelines~~ on Access to Information and Protection of Privacy" and applicable MSU policies.

6.9 Prohibited Functions

Although the Ombudsperson is authorized to function in the widest possible context and with minimum of constraints, the Ombudsperson shall not:

(a) act as an advocate of any party during the investigation of a concern although after hearing from all parties the Ombudsperson may act as an advocate for the fair and just resolution of a case;

(b) have a judicial function, that is, will not make binding decisions in any cases, although the Ombudsperson may, where appropriate make recommendations;

(c) make, change or set aside University policies and procedures although recommendations may be made for their improvement;

(d) be a voting member of any committee, hiring board or council of the University or the MSU or any other body on campus although the Ombudsperson may act as a consultant;

(e) accept notice on behalf of any party, including the University.

7. OTHER RELATED DOCUMENTS

The Procedural Guidelines ~~and Terms of Employment for the Office~~ are available on request.

8. REVIEW

8.1 These Terms of Reference shall be reviewed periodically by the Ombudsperson and the Advisory Committee. Any proposed revisions shall be forwarded to the Senate, the Board of Governors, and the Student Representative Assembly.

~~These Terms of Reference shall be reviewed periodically by the Ombudsperson and the Management Committee. Any proposed revisions shall be forwarded to the Senate and the Student Representative Assembly.~~

PROCEDURAL GUIDELINES FOR THE OMBUDS OFFICE

1. Accessibility

The Ombudsperson shall make every effort to ensure that the Office is accessible to ~~the entire University~~students ~~community~~ and shall undertake, whenever possible, to inform the student community of the existence of the Office and its function.

The Ombuds Office shall have flexible Office hours to ensure that the services of the Ombudsperson are available to the entire University community.

2. Case management

The Office shall normally function on a first come, first served basis. However, cases that are particularly time sensitive or critical in nature may assume priority at the Ombudsperson's discretion. All cases shall be processed as expeditiously as possible.

In the event that a period of one month should elapse, during which the Ombudsperson is unable to contact a visitor to the Office, the Ombudsperson may consider the case to be withdrawn.

3. Forms of Intervention

The method of intervention remains at the discretion of the Ombudsperson but may include:

(a) requesting that a University official meet with a member of the University community; meeting directly with the other party(ies);
(b) facilitating communication between the parties;
(c) reviewing any relevant University record;
(d) making informal inquiries into a matter;
(e) utilizing a form of shuttle diplomacy;
(f) facilitating a meeting between the parties;
(g) mediating a dispute;
(h) formally investigating a claim and;
(i) offering recommendations for a fair resolution

~~3~~4. Records

The Ombudsperson shall maintain suitable files for records of complaints, findings and recommendations. It is the responsibility of the Ombudsperson to ensure that these records are kept secure~~,~~ with access restrictions in place for both paper and digital files. These files shall be accessible only to the Ombudsperson and members of the staff of the Ombuds Office. ~~Materials received from visitors to the Office shall be deemed to be the property of the Ombuds Office.~~ The Ombuds Office shall be deemed the custodian for its own records ~~materials received from visitors,~~ and will be responsible for the retention, storage and disposition of the files.

~~4~~5. Retention of Records

Each file ~~and record~~ will be maintained for a period of seven years ~~and one day~~ from the date on which the ~~Ombudsperson deems the case to be completed~~file was active. Once files have met the retention requirement, they~~At the end of this period the file or record~~ shall be securely destroyed. However, no destruction of the file or record will take place if the Ombudsperson is aware of any proceeding arising from the case that is still pending before a University tribunal, any outside tribunal, ~~or~~ the Courts, or Access to information Request under FIPPA.

~~5~~6. The Advisory Committee: Terms of Reference

The Committee shall meet several times a year in order to provide advic~~s~~e and assistance in fulfilling the mandate of the Office, ~~the Ombuds in the day-to-day operation of the Office~~ including the following:

(a) provide advice and guidance to the Ombuds on issues related to the mandate;
(b) act as a sounding board for the Ombuds;
(c) review and provide feedback to the Ombuds on the annual report and assist the Ombuds in distributing it widely within the McMaster community;
(d) make recommendations to the Ombuds on how best to promote and enhance the visibility ~~-~~of the Office;
(e) review the financial and resource requirements of the Office to ensure the Ombuds has adequate support to fulfil their mandate and make recommendations to the MSU President and the President of the University as appropriate;
(f) recommend to the MSU President and McMaster President, a hiring committee for the Ombuds position when needed, and, if necessary, a temporary Ombuds should the position become vacant;
(g) in consultation with the Ombuds and the President of the MSU and the President of the University, organize and oversee regular reviews ~~normally every two to five years,~~ of the Office, normally every two to five years, and make recommendations as appropriate;
(h) investigate complaints made ~~against~~ about the Ombudsperson and make recommendations as appropriate;~~.~~
(i) assist the Ombuds in maintaining the independence and impartiality of the O~~o~~ffice, as well as in accessing r~~with access to r~~elevant individuals and information as necessary to fulfill the mandate.

The Committee shall do the above without becoming involved in the substance of cases and subject to the confidentiality rules governing the Office.

The Advisory Committee shall be composed of eight (8) voting members:

(a) McMaster President (or delegate) Delegated to the University Secretary (co-Chair)
(b) MSU President (or delegate) (co-Chair)
(c) Three (3) members from the MSU (SRA or non-SRA)
    a. To be appointed by the MSU President or delegate and approved at SRA.
    b. At least one member will be a current member of SRA.
(d) Three (3) members from the University
    a. To be appointed by the McMaster President or delegate and approved at Senate.
    b. At least one member will be a current faculty member~~Faculty~~ Senator.
(e) When possible, membership of the committee will be for two years. If the position becomes vacant within two years of a member joining the committee, a new member may be appointed to fill the position.
(f) Membership on the committee is renewable after two years.

The Ombudsperson shall be a non-voting member of the committee and may be accompanied, at their discretion, by an Ombuds staff member.

Procedures

(a) All meetings shall be held in closed session.

(b) One member of the Advisory Committee shall be the notetaker for all meetings. If that member is absent for a meeting, the co-Chairs may designate another individual to take notes.
(c) Agenda items and any accompanying documents are to be submitted to at least one (1) co-Chair a minimum of five (5) days in advance of meetings.
(d) Quorum shall be four (4) voting members, including both co-Chairs, one (1) representative from the University and one (1) representative from the MSU.
(e) Any member of the Advisory Committee who has a conflict of interest with regard to any matter on the agenda must refrain from comment and vote on that matter.
(f) In the case of a tie, a motion before the committee shall fail.
(g) The Advisory Committee shall periodically review its own terms of reference and that of the Ombudsperson. This will be done after the first year of operation and on an as needed basis from that point forward. Any changes to the terms of reference for the operations of the Committee or the Office of the Ombudsperson will require:
    a. Notice of recommended changes to be provided at least two weeks in advance of a meeting called for the purpose of reviewing the terms of reference.
    b. Two thirds (2/3) majority of the sitting members of the committee. Six (6) votes, as there are eight (8) voting members of the committee, must be in favour in order for changes to be made to the terms of reference.
    c. Any changes to the terms of reference of the Ombuds Office, including the Advisory committee shall be subject to approval of the SRA, Senate, and Board of Governors.

~~5. The Management Committee~~

~~The Ombudsperson shall meet three times a year, or more often if appropriate, with a Management Committee composed of the Associate Vice-President (Student Affairs) and VP Education of the MSU. This Committee shall provide guidance, advice and direction to the Ombudsperson on the performance of his/her duties. The Committee shall do so, without becoming involved in the substance of cases and~~

~~subject to the confidentiality rules governing the Office. In addition the Committee shall advise and assist the Ombudsperson in the day-to-day operation of the Ombuds Office including the following:~~

~~(a) helping to establish an annual operating, and when necessary, a capital budget for the Office which will contain provisions for salary and benefits, office expenses, promotion, professional development and access to legal counsel;~~

~~(b) making recommendations on administrative matters, including how to increase the visibility of the Office and improve its' effectiveness;~~

~~(c) assisting the Ombudsperson in maintaining the independence and impartiality of the Office;~~

~~(d) organizing a review of the Office as may be directed from time to time;~~

~~(e) reviewing and commenting on the Annual Report and ensuring its' wide distribution;~~

~~(f) establishing procedures for hiring staff for the Office, if required, and managing any employment-related issues;~~

~~(g) acting as a resource for the Office;~~

~~(h) planning for the future of the Office.~~

~~The Management Committee shall also be responsible for recommending a temporary Ombudsperson to the President of the University and the President of the MSU in the event that the Ombudsperson is unable to perform the duties of the Office.~~

~~TERMS OF EMPLOYMENT OF THE OMBUDSPERSON~~

~~1. Nature of Appointment~~

~~The Ombudsperson is a McMaster University Professional Management Group (TMG) position jointly appointed and funded by the McMaster Student Union and the University and reporting to the President of the University and the President of the MSU. The Ombudsperson shall be subject to all the usual rights and responsibilities of a University employee in a Professional Management TMG position. The Ombudsperson shall have official observer status at University Senate and should have the right to speak before the Student Representative Assembly (SRA).~~

~~2. Appointment~~

~~The Ombudsperson shall be appointed jointly by the President of the University and the President of the MSU on the recommendation of a selection committeecommittee. The selection committee shall be representative of the University community and shall include students, staff and faculty.~~

~~3. No Other Employment~~

~~The Ombudsperson shall devote full time attention to the Office and shall not hold or maintain any other Offices or engage in any other occupation that would interfere with the performance of the duties of the Office.~~

~~4. Term~~

~~There shall be a probationary period for new appointees of one year. Upon successful completion of the probationary period, the Ombudsperson shall serve for subsequent terms of between two and five years, as determined jointly by the President of the University and the President of the MSU. The Ombudsperson shall be advised, three months prior to the end of any term, whether the term will be renewed for a further period. The Ombudsperson shall notify the parties within one week of such notification of his/hertheir intentions, to ensure that there is sufficient time for a replacement to be sought, if required.~~

~~6. Performance Reviews~~

~~The Ombudsperson shall be subject to personal performance reviews by the President of the University and the President of the MSU on a regular basis. The President of the University and the President of the Student Union may delegate this responsibility to the Management Advisory Committee, as they see fit. Prior to determining whether to renew the Ombudsperson's term, there will be consultation with the University community. The functioning of the Ombuds Office shall also be subject to periodic review as determined by the President of the University and the President of the MSU.~~

~~7. Complaints~~

~~If a member of the McMaster community believes that the Ombudsperson has committed a procedural or substantive violation of these Terms of Reference they may submit a written complaint, detailing the alleged violation, to either co-chair of the advisory committee. The complainant must be a party to the matter in question and no complaint shall be considered while a case is on-going. The co-chairs of the advisory committee (or if they are personally involved, another member of the committee) may personally investigate the matter or may jointly select one or more members of the committee to investigate the matter, and report back to them as to their findings. The Ombuds shall be provided a fair opportunity to answer any allegations. Following the investigation, the co-chairs shall, acting jointly, take whatever action they deem appropriate including requesting further investigation, dismissing the complaint if it has been successfully answered, or taking appropriate discipline action, up to and including dismissal for cause.~~

~~If a member of the McMaster community believes that the Ombudsperson has committed a procedural or substantive violation of these Terms of Reference s/he may submit a written complaint, detailing the alleged violation, to the President of the University and the President of the MSU. The complainant must be a party to the matter in question and no complaint shall be considered while a case is ongoing. The President of the University and the President of the MSU (or if they are personally involved, the Provost and the Speaker of the Student Representative Assembly) may personally investigate the matter or may jointly select one or more members of the University community to investigate the matter, and report back to them as to his/her/ their findings. The Ombudsperson shall be provided a fair opportunity to answer any allegations. Following the investigation, the President of the University and the President of the MSU~~

~~shall, acting jointly, take whatever action they deem appropriate including requesting further investigation, dismissing the complaint if it has been successfully answered, or taking appropriate discipline action, up to and including dismissal for cause.~~

~~8. Conflict of Interest~~

~~In the event of an actual or perceived conflict of interest, the Ombudsperson shall inform the parties concerned and shall ensure that the parties are aware of other possible methods of resolving the conflict. In appropriate cases, another member of the University community may be requested to assume the role of Ombudsperson, for the purposes of this individual case and shall, in such role, be governed by The Terms of Reference for the Office.~~

~~9. Termination~~

~~During the term of the Ombuds appointment (excluding any probationary period) the Ombudsperson may only be dismissed for just cause including, but not limited to, breach or neglect of duties. The President of the University and the President of the MSU may determine if just cause exists for dismissing the Ombudsperson prior to his/her~~their ~~completion of the term.~~

McMaster University | DeGroote School of Business, Education with Purpose | Office of the Dean

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TO: Senate Committee on Appointments

FROM: Dr. Leonard Waverman, Dean, DeGroote School of Business

DATE: September 28, 2020

RE: Director of the CPA/DeGroote Centre for the Promotion of Accounting Education and Research Terms of Reference

---

On behalf of the Faculty of Business, we are pleased to recommend the attached updated Terms of Reference for the **Director of the CPA/DeGroote Centre for the Promotion of Accounting Education and Research**. The terms have been updated due to the unification of accounting profession designations under the Chartered Professional Accountants of Ontario banner.

The Director of the CPA/DeGroote Centre for the Promotion of Accounting Education and Research is the key "champion" for promoting and managing the activities of the Centre, as well as developing and maintaining relationships with the Chartered Professional Accountants of Ontario (CPA Ontario) and professional accounting firms.

cc: S. Tighe
D. Welch

Enclosures (2)

Terms of Reference
Director of the CPA/DeGroote Centre for the Promotion of Accounting Education and Research

Overall Responsibility and Purpose

The Director of the CPA/DeGroote Centre for the Promotion of Accounting Education and Research (the Centre) is the key "champion" for promoting and managing the activities of the Centre, as well as developing and maintaining relationships with the Chartered Professional Accountants of Ontario (CPA Ontario) and professional accounting firms. The Director is accountable to the Dean of the DeGroote School of Business (DSB), CPA Ontario Council and the Advisory Board of the Centre. A major responsibility of the position is to provide overall *leadership* in planning, developing and administering the activities of the Centre.

Reporting Relationships

Reports to: Dean of DSB and CPA Ontario Council via the CPA Ontario Vice-President of Learning

Specific Responsibilities

1. Prepare annual report to the Dean of DSB, CPA Ontario Council via the CPA Ontario Vice-President of Learning, Advisory Board, and Accounting and Financial Management Services Area.
2. Initiate and oversee the annual research grant/awards for upper year Commerce and MBA students.
3. Review and approve the Centre's annual involvement and funding of the DeGroote Accounting Association (DAA) Annual Case Competition.
4. Initiate and oversee the faculty/PhD student research support.
5. Coordinate the professional development events organized by the Centre.
6. Organize the annual reception hosted by the Centre.
7. Provide leadership for all other events and activities initiated by the Centre.

Terms and Conditions of Appointment

The appointee must be a full-time tenured or tenure-track faculty member in the Accounting and Financial Management Services Area of the DeGroote School of Business, with the Chartered Accountancy Designation. In addition to the responsibilities specific to the position as described above, the incumbent is expected to maintain an active relationship with CPA Ontario and the accounting profession. The appointment is for a five-year term. The Dean of DSB will chair the selection committee comprised of members of the Accounting and Financial Management Services Area and CPA Ontario and recommend the appointment of the Director by the Senate and the Board of Governors.

Terms of Reference
Director of the CA/DeGroote Centre for the Promotion of Accounting Education and Research

Overall Responsibility and Purpose

The Director of the CA/DeGroote Centre for the Promotion of Accounting Education and Research (the Centre) is the key "champion" for promoting and managing the activities of the Centre, as well as developing and maintaining relationships with the Institute of the Chartered Accountants of Ontario (ICAO) and professional accounting firms. The Director is accountable to the Dean of the DeGroote School of Business (DSB), ICAO Council and the Advisory Board of the Centre. A major responsibility of the position is to provide overall *leadership* in planning, developing and administering the activities of the Centre.

Reporting Relationships

Reports to: Dean of DSB and ICAO Council via the ICAO Vice-President of Learning

Specific Responsibilities

1. Prepare annual report to the Dean of DSB, ICAO Council via the ICAO Vice-President of Learning, Advisory Board, and Accounting and Financial Management Services Area.

2. Initiate and oversee the annual research grant/awards for upper year Commerce and MBA students.

3. Review and approve the Centre's annual involvement and funding of the DeGroote Accounting Association (DAA) Annual Case Competition.

4. Initiate and oversee the faculty/PhD student research support.

5. Coordinate the professional development events organized by the Centre.

6. Organize the annual reception hosted by the Centre.

7. Provide leadership for all other events and activities initiated by the Centre.

Terms and Conditions of Appointment

The appointee must be a full-time tenured or tenure-track faculty member in the Accounting and Financial Management Services Area of the DeGroote School of Business, with the Chartered Accountancy Designation. In addition to the responsibilities specific to the position as described above, the incumbent is expected to maintain an active relationship with the ICAO and the accounting profession. The appointment is for a five-year term. The Dean of DSB will chair the selection committee comprised of members of the Accounting and Financial Management Services Area and the ICAO and recommend the appointment of the Director by the Senate and the Board of Governors.

UNIVERSITY SECRETARIAT
- Board of Governors
- Senate

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REPORT TO THE BOARD OF GOVERNORS
from the
REMUNERATIONS COMMITTEE

i. Ratification of Tentative Agreement – UNIFOR Local 5555, Unit 5 (Operations & Maintenance)

At its meeting on November 24, 2020, the Remunerations Committee reviewed and approved the tentative agreement between McMaster University and UNIFOR Local 5555, Unit 5 (Operations & Maintenance). Details of the tentative agreement are contained in the circulated report.

It is now recommended,

that the Board of Governors approve the tentative agreement between McMaster University and UNIFOR Local 5555, Unit 5 (Operations and Maintenance) for a 1-year term effective December 17, 2020, and expiring November 30, 2021, with terms outlined in the circulated report.

ii. Ratification of Tentative Agreement – CUPE 3906, Unit 2 (Sessional Faculty)

At the same meeting, the Remunerations Committee reviewed and approved the tentative agreement between McMaster University and CUPE 3906, Unit 2 (Sessional Faculty). Details of the tentative agreement are contained in the circulated report.

It is now recommended,

that the Board of Governors approve the tentative agreement between McMaster University and CUPE Local 3906, Unit 2 (Sessional Faculty) for a 1-year term effective December 17, 2020, and expiring August 31, 2021, with terms outlined in the circulated report.

Board of Governors: FOR APPROVAL
December 17, 2020

Request for Ratification of Tentative Agreement

between

McMaster University

and

UNIFOR LOCAL 5555, Unit #5
Representing Operations and Maintenance

Prepared for: Board of Governors

November 27, 2020

Ratification Recommendation

On November 24, 2020, the Remunerations Committee of the Board passed a motion to recommend that the Board ratify a tentative agreement reached between the University and Unifor Local 5555, Unit 5 (Operations & Maintenance). The tentative agreement is reflective of a 1-year roll-over of the current Collective Agreement, with an expiry of November 30, 2021.

Unifor has confirmed that its membership has ratified the tentative agreement.

Background

The Remunerations Committee approved the mandate for this round of collective bargaining in September 2020. The provincial legislation *Protecting a Sustainable Public Sector for Future Generations Act, 2019, (*the "Act", previously referred to as Bill 124), passed in November 2019, restricts annual wage increases to 1%, and further restricts incremental increases to existing compensation entitlements to 1% (inclusive of wage increases).

The bargaining unit includes **314 employees**, with a total compensation cost of **$15,733,856.19.**

The tentative agreement achieved outcomes in alignment with the approved mandate, the Act, and the University's Collective Bargaining Strategy, 2019-2021, including labour relations stability. The parties engaged in respectful discussions; the relationship with Unifor is strong.

A one-year roll-over of the agreement also enables further time to understand the impact of COVID-19 on longer term staffing and operational needs.

Summary of Tentative Agreement:

Term: 1-year roll-over, expiring November 30, 2021

Wages: Across the Board wage increase effective December 1, 2020: 1%

Other Compensation:

Boot Allowance increased for Part-Time employees to $180 every 2 years

Request for Ratification of Tentative Agreement

between

McMaster University

and

CUPE Local 3906, Unit 2
Representing Sessional Faculty & Hourly-Rated Sessional Music Instructors

Prepared for: Board of Governors

November 27, 2020

Ratification Recommendation

On November 24, 2020, the Remunerations Committee of the Board passed a motion to recommend that the Board ratify a tentative agreement reached between the University and CUPE Local 3906, Unit 2 (Sessional Faculty). The tentative agreement is reflective of a 1-year term, with an expiry of August 31, 2021.

CUPE has confirmed that its membership has ratified the tentative agreement.

Background

The Remunerations Committee approved the mandate for this round of collective bargaining in May 2020. The provincial legislation *Protecting a Sustainable Public Sector for Future Generations Act, 2019, (*the "Act", previously referred to as Bill 124), passed in November 2019, restricts annual wage increases to 1%, and further restricts incremental increases to existing compensation entitlements to 1% (inclusive of wage increases).

The bargaining unit includes **356 employees**, with a total compensation cost of **$10,622,311.**

The tentative agreement is aligned with the approved mandate, the Act, and the University's Collective Bargaining Strategy, 2019-2021; including:

- *Institutional Alignment*: Aligned bargaining principles with institutional priorities; protected University's right to change program delivery.
- *Fiscal Responsibility*: Achieved financial outcomes within mandate and in compliance with the *Act*.
- *Inclusive Excellence*: Affirmed commitment to Employment Equity and equal pay for equal work; incorporated gender-neutral language and equitable benefits for leaves.
- *Labour Relations Stability*: Engaged in respectful discussions and achieved a term expiry that avoids alignment with other CUPE units.

During this round of bargaining, a key challenge to reaching agreement was the University's recent decision to restructure the delivery of its McMaster English Language Development (MELD) Program in the Faculty of Humanities, replacing short term sessional faculty roles with full-time continuing roles that fall within the Unifor Local 5555 Unit 1 collective agreement. CUPE has filed two grievances on this issue, with these matters now proceeding to arbitration. Consequently, the parties agreed to a 1-year term to enable the grievances to move through the grievance arbitration process. With clarity on the MELD issue, the parties will return to the bargaining table in 2021.

Summary of the Tentative Agreement

Term:

- 1-year, effective from the date of ratification, expiring **August 31, 2021**

Wages:

- Effective the first day of the first full Term following date of ratification:
  - Sessional Faculty Minimum Stipend - increased by **1%**
  - Hourly Rated Sessional Music Faculty Rate – increased by **1%**

Lump Sum Payment:

- A one-time payment in the amount of **$26,000** will be provided to the Union (in lieu of 1% wage increases retroactive to September 1, 2020)
  - The Union will administer these funds to recognize bargaining unit members' completion of MacPherson Institute training: $75 per completed seminar, capped at $300 per member.
  - As of August 30, 2021, any remaining balance shall be allocated by CUPE to their Health Benefits Fund and/or Dental Fund.
  - CUPE will be required to provide the University with a report detailing the expenditure of these funds allocated for purposes of training.

Benefits Improvements:

- Effective date of ratification: contribution to CUPE administered health benefits fund will be increased by **$25,000**, from $68,000 to $93,000.
- Effective May 1, 2021: annual contribution to CUPE administered dental plan will be increased by **$7,000,** from $93,000 to $100,000.
- Effective May 1, 2021: Employer to contribute **$10,000** annually towards premiums for employees electing family dental coverage.

Leave Provisions:

- Aligned Pregnancy and Parental Leave Supplemental Unemployment Benefit (SUB) with other CUPE units: 17 weeks for Pregnancy Leave and 13 weeks for Parental Leave at 95% of regular earnings; alternate Parental Leave benefit increased from 4 to 6 weeks at 100% pay by the University.
- Introduced Supplementary Compassionate Care SUB Benefit, aligned with other CUPE units, up to 8 weeks at 95% of regular earnings.
- Introduced 5 day leave without loss of pay for Domestic and Sexual Violence Leave, aligned with other CUPE units.

UNIVERSITY SECRETARIAT
- Board of Governors
- Senate

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REPORT TO THE BOARD OF GOVERNORS
from the
PLANNING AND RESOURCES COMMITTEE

i. Statement of Investment Policies and Procedures - Salaried Plan

At its meeting on November 26, 2020, the Planning and Resources Committee reviewed and approved revisions to the Statement of Investment Policies and Procedures for Contributory Pension Plans for Salaried Employees. Details of the revised Statement are contained in the circulated report.

It is now recommended,

that the Board of Governors approve the revised Statement of Investment Policies and Procedures ("SIP&P) for Contributory Pension Plans for Salaried Employees.

ii. Audited Financial Statements of the Contributory Pension Plan for Hourly Rated Employees of McMaster University including Divinity College as at June 30, 2020

iii. Audited Financial Statements of the Contributory Pension Plan for Salaried Employees of McMaster University including McMaster Divinity College 2000 (Plan 2000) as at June 30, 2020

iv. Audited Financial Statements of the Contributory Pension Plan for Salaried Employees of McMaster university including McMaster Divinity College (Original Plan) as at June 30, 2020

At the same meeting, the Planning and Resources Committee reviewed and approved the Audited Financial Statements of the Contributory Pension Plans for Salaried (Plan 2000 & Original Plan) and Hourly-Rated Employees**.** Details of the Audited Financial Statements are contained in the circulated report for information purposes.

Board of Governors: FOR APPROVAL/INFORMATION
December 17, 2020

McMaster University Board of Governors

McMaster University

EXECUTIVE SUMMARY

DATE	TOPIC	RECOMMENDED BY:
November 26, 2020	Salaried Pension Plan Statement of Investment Policies and Procedures	Name: Faculty/Department: Board Committee: Pension Trust Committee

RECOMMENDATION

Please summarize the recommendation to the board. Please keep the recommendation brief:

That the Planning and Resources Committee approve, for recommendation to the Board of Governors, the revised Statement of Investment Policies and Procedures ("SIP&P) for Contributory Pension Plans for Salaried Employees

BACKGROUND

Please provide any relevant history or background that supports the recommendation:

- Pension Benefits Act requires the SIP&P be reviewed annually
- Aon, investment consultant to the Pension Trust Committee, has completed a review and recommends changes to align the SIP&P with the implementation of the investment strategy and investment manager recommendations
- Key updates include changes to target benchmarks used for performance to reflect the shift to real assets and changes to the target equity portfolio to align with strategy to improve geographic diversification and investment manager changes

RATIONALE

Please provide a description of how this recommendation supports the Mission, Strategy, Goals, and Priorities of McMaster University:

- The update to the SIP&P ensures alignment between investment strategy and policy

KEY BENEFITS

Please provide the specific benefits this project will deliver. To the extent possible, these should be quantifiable. Please describe how these will be measured:

Updates to SIP&P will have the following benefits:

- Supports the replacement of underperforming equity managers
- Supports improved diversification by including an allocation to global investments and reducing domestic equities
- Reduced expected portfolio volatility

OTHER CONSIDERATIONS / INTERDEPENDENCIES

Please summarize any other important considerations related to this recommendation:

The SIP&P changes, once approved, will facilitate the following:

- *implementation of the terminations of underperforming managers and the hiring of replacement equity managers*
- *align performance benchmarks with the implementation of real assets*
- *implementation of rebalancing equity portfolio mix to improve diversification and reduce expected volatility*

KEY RISKS & MITIGATION PLANS

Please summarize the key risks that are inherent with this recommendation. For each risk, please provide an assessment of how significant the risk could be and how the risk will be mitigated:

- Underperformance and misalignment to the SIP&P. The risk is if the SIP&P remains unchanged the expected future returns will underperform expectation and underperform relative to peers due to the inability to execute recommended Global Investment manager hiring and termination of underperforming equity managers.

ALTERNATIVES CONSIDERED

Please describe what alternatives were considered, and why the recommended approach is superior:

- Aon and PTC considered a number of equity strategy alternatives, including transitioning the equity portfolio to a 100% global allocation and maintaining the current regional manager investment structure.
- The PTC determined that the introduction of global managers for a component of the portfolio was the best alternative at this time, as it would provide the benefit of improved diversification and at the same time would not be too disruptive to the portfolio while the real asset strategy is being implemented .

NEXT STEPS / IMPLEMENTATION PLANS

Please briefly describe how this initiative will be implemented:

Once approved, the next steps include the following:

- the SIP&P will be filed with the regulator (FSRA– The Financial Services Regulatory Authority of Ontario)
- Implement manager terminations and manager appointments
- Rebalance equity portfolio overtime to align with portfolio target mix

McMaster University

Steven Moore, MBA, CPA, CGA, CFA, CIPM, CTP
Treasurer

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E-mail: moores11@mcmaster.ca

Date: November 13, 2020

To: Planning and Resources Committee

From: Pension Trust Committee

Subject: Statement of Investment Policies and Procedures – Salaried Pension Plans

Recommendation:
That the Planning and Resources Committee approve, for recommendation to the Board of Governors, the revised Statement of Investment Policies and Procedures for Contributory Pension Plans for Salaried Employees as shown in Appendix A.

The Pension Benefits Act requires that the pension plan's Statement of Investment Policy and Procedures (SIP&P) be reviewed each year. Aon has completed a review of the SIP&P and has recommended revisions.

The proposed revisions update the policy to reflect the implementation of approved investment strategy recommendations, and to reflect several items of a housekeeping nature. Refer to Appendix A for the revised policy (blacklined and clean versions) and Appendix B for the Approved Investment Strategy Recommendations (May 2019 PRC) and Appendix C. Summary of Equity Strategy Review Recommendations.

Note: Aligned with the upcoming July 1, 2021 Pension Valuation and Asset/Liability Study, the Pension Trust Committee working with Aon will complete a comprehensive review review of the structure and content of the Salaried Plan SIP&P in 2022.

The material changes to the policy are summarized in the table below:

Table 1. Summary of Proposed Policy Changes

Reference	Comments
a) Section 2.01(pg. 6)	The description of the benchmark portfolio has been updated to align with implementation of the approved investment strategy which includes the removal of the real return bond index, inclusion of a global equities index and infrastructure benchmark based on CPI+5%.
b) Section 2.03 (pg. 6)	The management structure section has been updated to reflect the implementation of the investment manager mix strategy changes which includes both regional and global managers in the portfolio mix
c) Section 2.04 (pg.7) & Section 4.01 (Pg. 15)	The Total Fund Benchmark Portfolio has been updated to reflect the updated equities strategy mix, which reduces the allocation to Canadian Equities to 13% (from 20%) and includes an allocation of 7% to Global Equities. These proposed changes align with the implementation of equities manager mix and manager change recommendations.

Appendix A.

STATEMENT OF INVESTMENT POLICIES AND PROCEDURES

FOR

CONTRIBUTORY PENSION PLANS FOR SALARIED EMPLOYEES

Planning and Resources Committee – **FOR APPROVAL**
November 26, 2020

Policies, Procedures and Guidelines

Complete Policy Title:
Statement of Investment Policies and Procedures

The Master Trust for the Contributory Pension Plan for Salaried Employees of McMaster University Including McMaster Divinity College and the Contributory Pension Plan for Salaried Employees of McMaster University Including McMaster Divinity College 2000

Policy Number (if applicable):

Approved by:
Board of Governors

Date of Most Recent Approval:
[ ]

Date of Original Approval(s):
June 13, 2002

Supersedes/Amends Policy dated:
~~November~~ October 2~~0~~9, 2019~~7~~

Responsible Executive:
Assistant Vice-President (Administration) and CFO

Enquiries:
University Secretariat

DISCLAIMER: If there is a Discrepancy between this electronic policy and the written copy held by the policy owner, the written copy prevails

Contents

Section 1—Overview

1.01 Purpose of Statement

This Statement of Investment Policies and Procedures (the 'Policy') is intended to set out the investment framework which shall apply at all times for the Contributory Pension Plan for Salaried Employees of McMaster University, including McMaster Divinity College and the Contributory Pension Plan for Salaried Employees of McMaster University, including McMaster Divinity College 2000 (collectively the 'Plans').

This Policy is based on the 'prudent person portfolio approach' to ensure the prudent investment and administration of the assets of the Plans (the 'Fund') within the parameters set out in the Pension Benefits Act (Ontario) and the regulations thereunder.

1.02 Background of the Plans

McMaster University was established in 1887 by the bequest of William McMaster and is a university incorporated under the laws of the Province of Ontario, which provides operating grants annually to the University.

The University sponsors defined benefit pension plans into which its contributions and the employees' contributions are deposited. These contributions are made bi-weekly and are remitted before the end of the following month to the Plans' trustee.

Retiree benefits are paid from the Plans. Also paid from the Plans are termination and death benefits, trustees' fees, audit fees, actuaries' fees, investment counsel fees, consultants' fees, filing fees and administrative and other related costs.

1.03 Plan Profiles

(a) Contributions

The Plans are contributory. Each member is required to contribute in accordance with the Plan Text and limited by specified maximums, as applicable.

(b) Benefits [1]

The amount of annual pension payable to most members will be:

(i) 1.4% of Best Average Salary up to the Average Year's Maximum Pensionable Earnings times years of pensionable service, plus

(ii) 2.0% of Best Average Salary in excess of the Average Year's Maximum Pensionable Earnings times years of pensionable service up to the maximum pension limits for an RPP as specified in the Income Tax Act.

[1] Unifor Unit 1 members who were hired on or after May 1, 2010 benefits are calculated using 1% and 1.6%.

1.04 Objective of the Plans

The objective of the Plans is to provide participants with defined pension benefits based on a best average salary and with indexation of retirement benefits, as defined in the Plan text for the Contributory Pension Plan for Salaried Employees of McMaster University Including McMaster Divinity College, Registration Number 0215400 ("Plan Text") and in the Contributory Pension Plan for Salaried Employees of McMaster University Including McMaster Divinity College 2000, Registration Number 1079920 ("Plan 2000 Text"). It is important to set up an appropriately diversified asset mix in order to ensure continued prudent and effective management of pension fund assets.

1.05 Investment Objective, Beliefs, Risk Appetite

Funding Objectives

The Plans' funding objectives are to:

(a) Focus on maintaining a going concern funded ratio between 90-110%,
(b) Manage the volatility of contributions, and
(c) Reduce the likelihood of material solvency payments and target to maintain the solvency funded ratio above 85% at all future actuarial valuation dates.

Investment Objectives

The investment objective of the Plans' investments is to earn a return sufficient to keep the Plans sustainable over the long term, while keeping benefit levels and contribution rates stable. This requires an appropriate balance between risk and return.

Risk Appetite

Based on the characteristics of the Plans, the Committee has determined that the Plans have a moderate risk appetite for investment risk as demonstrated by the approved asset classes, investment targets and limits within this policy.

Investment Beliefs

The Pension Trust Committee ("Committee") has, from time to time, reviewed and confirmed its investment beliefs which take into consideration the types of investments and associated risks that are aligned with investment objectives and risk appetite.

As part of a recent asset-liability study that was completed for the Plans in 2018, a risk diagnosis was conducted reviewing the impact of the current and alternative asset mixes on contributions, solvency funding and going concern funding.

Commensurate with the liability profile and funding position of the Plans, and long-term time horizon, the Committee has determined and confirmed that the Plans remain well positioned, and continue to have the ability to invest based on a long-term approach and accept a higher degree of investment risk.
The following were also used as inputs into this determination:

(a) A focus on the going concern liability position of the plan versus solvency liability position;
(b) The actuary's smoothed asset approach in valuing the plan's liability position;
(c) Diversifying return-seeking assets in order to position the Plans to earn additional investment income in a risk-monitored framework; and
(d) Managing the duration of the fixed income portfolio to reduce interest rate risk and the probability of solvency shortfall.

1.06 Delegation of Responsibility and Administration

The University is the legal administrator of the Plans and is therefore responsible for all matters relating to the administration, interpretation and application of the Plans, including developing, monitoring and amending this Policy. The Committee, a standing Committee of the University's Board of Governors, has been formed for the purpose of assisting the University with the administration of the Plans.

Overall responsibility for the Plans ultimately rests with the Board of Governors of the University. The Committee assists the Board in fulfilling its fiduciary responsibilities. As well, other suppliers assist the University as described below.

(a) **The Committee will**:

(i) Recommend to the Board of Governors general pension investment policy and annually review the Statement of Investment Policies and Procedures;

(ii) Monitor the performance of the Fund;

(iii) Monitor and review performance of Investment Consultants and Fund Managers:

1. Make recommendations to the Board of Governors with respect to situations of deviation or proposed deviation by Fund Managers from the Policy;

2. Make recommendations to the Board of Governors on the appointment of, mandates for and replacement of such Investment Consultants and Fund Managers.

(iv) Monitor the annual calculation of the "Net Interest on the Fund" and the "Annual Pension Increase";

(v) Discuss and promote awareness and understanding of the Plans by members of the Plans and persons receiving benefits under the Plans;

(vi) Comment and make recommendations to the Planning and Resources Committee on:

1. The performance and appointment of the Actuary; and

2. The actuarial methods and assumptions used in determining the financial condition of the Plans and the contributions to the Plans.

(vii) Comment and make recommendations to the Planning and Resources Committee on proposed changes to the Plans' Texts, and propose changes to the Plans' Texts; and

(viii) Monitor at least annually all fees and the administrative expenses paid from the Plans, and determine whether they are appropriate. Changes in the nature and structure of administrative expenses paid may be approved by the Board of Governors only if recommended by the Pension Trust Committee as a result of a ballot of all Committee members.

(b) The Fund Manager(s) will:

(i) Invest the assets of the Fund in accordance with this Policy;

(ii) Notify the Committee, in writing, of any significant changes in the Fund manager's philosophies and policies, personnel or organization and procedures; and

(iii) Meet with the Committee as required and provide written reports regarding their past performance, their future strategies and other issues requested by the Committee.

(c) The Custodian/Trustee will:

(i) Maintain safe custody over the assets of the Plans (i.e. both segregated and pooled mandates);

(ii) Execute the instructions of the University and the Fund Manager(s); and,

(iii) Record income and provide monthly financial statements to the University as required.

(d) The Actuary will:

(i) Perform actuarial valuations of the Plans as required or as directed by the Committee;

(ii) Advise the Committee on any matters relating to the Plans' design, membership and contributions; and,

(iii) Assist the Committee in any other way required.

(e) The Investment Consultant will:

(i) Assist in the development and implementation of this Policy;

(ii) Monitor the performance of the Fund and the Fund Managers on a quarterly basis, and advise the Committee on such performance;

(iii) Monitor funding and performance objectives on a quarterly basis;

(iv) Monitor the Fund Managers' quarterly compliance reports;

(v) Support the Committee on matters relating to investment management and administration of the Fund; and,

(vi) Meet with the Committee as required.

(f) The Accountant will:

(i) Provide annual audited financial statements of the Plans.

(g) University Management will:

(i) Ensure compliance with legal and University requirements;

(ii) Execute decisions made by relevant governing bodies;

(iii) Work closely with consultants, custodian, actuary and the investment managers, as appropriate including documenting the investment managers' mandates;

(iv) Determine appropriate rebalancing strategy, as necessary, as outlined in Section 2.04 (d);

(v) Review the expenses of the Plans; and

(vi) Maintain all documents and make them available upon request

The Board of Governors has the authority to retain other consultants/suppliers, as it deems necessary from time to time.

Section 2—Asset Mix and Diversification Policy

2.01 Investment Objectives - Portfolio Return Expectations

The Fund will be managed on a going-concern basis. The primary objective is to ensure that the benefits defined in the Plans can be paid.

The secondary performance objective is to outperform a benchmark portfolio constructed from rates of return (including income) of the Standard & Poor's Toronto Stock Exchange Composite Index (S&P/TSX Composite Index), the Standard & Poor's 500 Index (S&P 500 Index), the Russell 1000 Hedged to C$ Index, the ~~Morgan Stanley Capital International~~MSCI Europe, Australasia and Far East Index (MSCI EAFE Index), the MSCI All Country World Index (MSCI ACWI Index), the FTSE TMX Universe Bond Index, the FTSE TMX Long Term Bond Index, ~~the FTSE TMX Real Return Bond Index and~~ the Investment Property Databank (IPD) Canada Property Index and a customized CPI + 5% index, in proportion to the weights indicated in Section 4.01 (a) and calculated over rolling four-year time periods.

2.02 Investment Risk Tolerance - Expected Volatility

The expected volatility of investment returns for the Fund is directly related to the asset mix strategy; specifically, the balance between Canadian equities, foreign equities, Canadian bonds and Real Assets. Volatility is inherent in investing and will be managed according to the minimum and maximum asset mix ranges as outlined in Section 2.04. It is expected that the volatility of Fund returns should be similar to the volatility of the Total Combined Fund Benchmark Portfolio set out in Section 4.01.

It is reasonable to invest for a long-term horizon for the asset mix strategy, accept short-term market volatility and accept a moderately higher degree of liquidity risk due to the Plans' high ratio of active members versus inactive members. The Committee will further monitor the volatility of the Fund and underlying Fund Managers on an ongoing basis.

2.03 Management Structure

To reduce the overall volatility of returns and to reduce the risk that active managers will underperform market index returns, a hybrid management structure has been adopted for the Fund consisting of a combination of active and passive specialist equity, bond and currency overlay managers, subject to Section 2.04 (a). McMaster University will focus on retaining managers it considers best placed to meet its investment objectives. This may lead to specialist regional and/ or global managers being retained.

2.04 Asset Mix – Risk Limits

(a) Overall Asset Mix

The benchmark portfolio is representative of the long-term asset mix policy for the Fund as set out by the Board of Governors. Investment specific limits are set forth in Section 3. The Total Fund benchmark portfolio and asset mix guidelines (by market value) are set out below:

Total Fund Asset Mix

	Min	Target	Max
Equities and Real Assets	50	65	80
Total Fixed Income	20	35	50

		100	

Total Fund Benchmark Portfolio by Asset Class

Assets[1]	Minimum (%)	Benchmark (%)	Maximum (%)
Canadian Equities	8~~16~~	~~20~~13	~~24~~18
U.S. Equities[1]	15~~7~~	20	25~~7~~
Non-North American Equities[1]	10~~2~~	15	~~24~~20
Global Equities	0	7	14
Real Assets[2]	5	10	15
Universe Bonds	5	10	20
Long Term Bonds	15	25	30
Cash and Short-term	0	0	10
		100	

[1]A total of 50% +/- 5% of the Total Fund's foreign currency exposure shall be hedged to the Canadian Dollar.
[2]The Real Assets minimum is expected to be achieved once signed commitments have been funded in the next 12-18~~24~~ months.

The allocation to Real Assets will be built up over time. It is recognized that due to the nature of investing in Real Assets (i.e. long investment queues), it will take some time to reach the benchmark allocation of 10%. Until such time that this is accomplished, the minimum and maximum ranges around benchmarks have been set wider to accommodate the transition to Real Assets.

Categorizations per Pension Benefits Act

The target asset mix for each category listed in subsection 76(12) of the Regulations to the Pension Benefit Act (Ontario) is as follows:

Category	Benchmark Portfolio (%)
1. Insured contracts	
2. Mutual or pooled funds or segregated funds	
3. Demand deposits and cash on hand	
4. Short-term notes and treasury bills	
5. Term deposits and guaranteed investment certificates	
6. Mortgage loans	
7. Real estate	5
8. Real estate debentures	
9. Resource properties	
10. Venture capital	
11. Corporations referred to in subsection 11(2) of schedule III to the federal investment regulations	
12. Employer issued securities	
13. Canadian stocks other than investments referred to in 1 to 12 above	13~~20~~
14. Non-Canadian stocks other than investments referred to in 1 to 12 above	42~~35~~
15. Canadian bonds and debentures other than investments referred to in 1 to 12 above	35
16. Non-Canadian bonds and debentures other than investments referred to in 1 to 12 above	
17. Investments other than investments referred to in 1 to 16 above	5

Note that the full allocation made to items 7 and 17, 26% of the allocation made to item 14 and 26% of the allocation made to item 15 are accessed via pooled funds. Investments referenced in item 17 are made to infrastructure.

(b) Manager Compliance

The Fund Managers shall comply with restrictions imposed by Federal or Provincial legislation and regulations, as well as with their respective Investment Mandates. Should a Fund Manager wish to deviate from the mandate established with the University, he/she must contact, in advance, the Treasurer**,** who will solicit approval from the Board of Governors. Should there be a sudden change in market conditions that causes the asset mix to be offside, the Fund Manager will immediately either seek the necessary approval to remain offside, or take corrective action and contact the Treasurer, who will inform the Board of Governors. The Treasurer will report all such occurrences and their resolution to the Committee.

(c) Manager Rebalancing Guidelines

The asset classes of the Plans shall be rebalanced to within the minimum and maximum ranges around benchmark (taking into consideration transaction costs, liquidity and transition to Real Assets) when, at the end of any quarter, any one of the asset classes outside of these ranges as indicated in Section 2.04 (a).

Section 3—Permitted and Prohibited Investments

3.01 General Guidelines

The investments of the Fund must comply with the requirements and restrictions imposed by the applicable legislation, including but not limited to the requirements of the Pension Benefits Act (Ontario), the Income Tax Act (Canada), and any relevant regulations.

3.02 Permitted Investments

In general, and subject to the restrictions noted below, the Fund may invest directly or via pooled funds in any of the asset classes and in any of the instruments listed below.

(a) Canadian and Foreign Equities

(i) Common and convertible preferred stock listed on a recognized exchange;

(ii) Debentures convertible into eligible common or convertible preferred stock;

(iii) Rights, warrants and special warrants for eligible common or convertible preferred stock;

(iv) Instalment receipts and American and Global Depository Receipts;

(v) Units of real estate investment trusts (REITs) listed on a recognized exchange;

(vi) Units of income trusts domiciled in jurisdictions that provide limited liability protection to unitholders;

(vii) Units of limited partnerships which are listed on a recognized exchange; and,

(viii) Private placements of equities, where the security will be eligible for trading on a recognized exchange within a reasonable and defined time frame and subject to Section 3.04.

(b) Bonds

(i) Bonds, debentures, notes, non-convertible preferred stock and other evidence of indebtedness of Canadian, foreign or supranational issuers whether denominated and payable in Canadian dollars or a foreign currency;

(ii) Mortgage-backed securities, guaranteed under the National Housing Act;

(iii) Term deposits and guaranteed investment certificates; and,

(iv) Private placements of bonds and asset backed securities subject to Section 3.04.

(c) Cash and Short Term Investments

(i) Cash on hand and demand deposits;

(ii) Treasury bills issued by the federal and provincial governments and their agencies;

(iii) Obligations of trust companies and Canadian and foreign banks chartered to operate in Canada, including bankers' acceptances;

(iv) Commercial paper and term deposits;

(v) Deposit accounts of the custodian can be used to invest surplus cash holdings; and,

(vi) Repurchase Agreement transactions for cash management purposes, with transactions limited to counterparties with a minimum BBB counterparty credit rating at the time of the transaction.

(d) Derivative Instruments

Derivatives are to be used primarily for defensive purposes, including currency hedging. The use of derivative instruments which would be contracted on a leveraged basis is prohibited. Investment Funds that invest in derivatives must comply with all applicable statutory provisions and regulations, including the Prudent Person Rule, and must be invested and managed in accordance with regulatory derivatives best practices.

The following uses of derivative instruments for defensive purposes are permitted:

(i) Covered put and/or call options with respect to publicly traded securities that are held in the portfolio;

(ii) The Manager of an index portfolio may utilize fully backed (i.e. non-leveraged), derivative strategies designed to replicate the performance of specific market indices; and,

(iii) Currency futures contracts and forward contracts whose use is restricted to reducing risk as part of a currency hedging strategy. Within pooled funds, the Fund Managers' policy on derivatives will take precedence.

(e) Real Assets

(i) Direct real estate and direct infrastructure investment via independently managed pooled funds, limited partnerships or specialist corporate structures (i.e. LLCs). The mandate of each fund, partnership or corporate structure will vary with the long-term goal of assembling a diversified real estate portfolio.

(ii) Permitted and prohibited investments in real assets will be governed by the terms and conditions set out in the respective pooled fund contract, Offering Memorandum, Trust Agreement or similar document that is applicable to each Investment Manager.

3.03 Minimum Quality Requirements for Bonds

(a) Quality Standards

Within the investment restrictions for individual portfolios, all portfolios should hold a prudently diversified exposure to the intended market.

(i) The minimum quality standard for individual bonds and debentures is 'BBB' or equivalent as rated by a Recognised Bond Rating Agency, at the time of purchase.

(ii) The minimum weighted average rating of the overall bond portfolio must be 'A', or better.

(iii) The minimum quality standard for individual short term investments is 'R-1' or equivalent as rated by a Recognised Bond Rating Agency, at the time of purchase.

(b) Rating Agencies

For purposes of this Policy, the following shall be considered 'Recognized Bond Rating Agencies':

(i) Dominion Bond Rating Agency;

(ii) Standard & Poor's;

(iii) Moody's Investors Services; and

(iv) Fitch Ratings (foreign issuers only).

Should the rating on a short-term or bond investment fall below the minimum standards outlined above, the Fund Manager must immediately notify the Treasurer and communicate the action that is to be taken. The Treasurer must report all such occurrences and action undertaken to remedy the situation to the Committee.

3.04 Maximum Quantity Restrictions

While specific restrictions are reflected in the individual manager mandates, the following restrictions are to be respected:

(a) Equities

(i) No one equity holding shall represent more than 10% of the market value of any one manager's equity portfolio;

(ii) No one equity holding shall represent more than 10% of the voting shares of a corporation;

(iii) No one equity holding shall represent more than 10% of the available public float of such equity security;

(iv) Private placements can be held to a maximum of 10% of the equity portfolio; and,

(v) No more than 15% of the market value of the equity manager's portfolio shall be invested in Royalty or Income Trusts.

(b) Bonds and Short-Term Securities

(i) Except for federal bonds and provincial bonds having at least an A credit rating, no more than 10% of a manager's bond portfolio may be invested in the bonds of a single issuer and its related companies;

(ii) Except for federal and provincial bonds, no one bond holding shall represent more than 10% of the market value of the total outstanding for that bond issue;

(iii) No more than 10% of the market value of a manager's bond portfolio shall be invested in bonds rated 'BBB' or equivalent and no bond rated 'BBB' or equivalent shall exceed 3% of the market value of the portfolio;

(iv) No more than 20% of the market value of a manager's bond portfolio shall be invested in bonds denominated in a currency other than Canadian dollars;

(v) No more than 20% of the market value of a manager's bond portfolio shall be invested in bonds of foreign issuers; and,

(vi) Private placements and asset-backed securities can be held to a maximum of 15% of the bond portfolio.

3.05 Prior Permission Required

Subject to applicable legislation and regulations, any other investments are permitted provided that the Fund Manager has obtained prior written permission from the Board of Governors upon recommendation of the Committee:

3.06 Prohibited Investments

The Fund Managers shall not:

(a) Invest in companies for the purpose of managing them;

(b) Purchase securities on margin or engage in short sales, except in the case of a unleveraged synthetic index strategy where the manager will utilize futures contracts and short-term securities to attempt to create returns that match those of a specified index;

(c) Invest in securities that would result in the imposition of a tax on the Fund under the Income Tax Act (Canada) unless they provide a prior written acknowledgement to the Committee that such investments will result in a tax and receive prior written permission for such investments from the Board of Governors;

(d) Invest in any securities issued by McMaster University or its affiliated entities; or

(e) Make any investment not specifically permitted by this Policy or the Fund Manager's investment mandate.

3.07 Securities Lending

Defined securities held by the Plans may be loaned by the Trustee under a properly approved contract with the University.

The investments of the Fund may be loaned for the purpose of generating revenue for the Fund, subject to the provisions of the Pension Benefits Act (Ontario), the Income Tax Act (Canada), and applicable regulations.

Such loans must be secured by cash and/or readily marketable government bonds, treasury bills and/or letters of credit, discount notes and banker's acceptances of Canadian chartered banks. The amount of collateral taken for securities lending should reflect best practices in local markets, but should be at least 105% under an enhanced indemnity arrangement. The market value relationship between collateral and securities on loan must be calculated at least daily. For equity loans, high quality, liquid equities may also be accepted as collateral.

If the Fund is invested in a pooled fund, security lending will be governed by the terms and conditions of the pooled fund contract.

3.08 Borrowing

The Plans shall borrow money only for the purpose of covering a short-term contingency and the borrowing is for a period that does not exceed ninety days, subject to the Pension Benefits Act (Ontario), the Income Tax Act (Canada) and the written permission of the Board of Governors.

3.09 Liquidity

The Plans shall maintain assets that are sufficiently liquid in order to make necessary payments to members when required and to enable other changes, as required.

Liquidity Risk

The Plans' liquidity requirements primarily relate to pension payments. The Plans have a high a ratio of active members versus inactive members, as such the Plans' cash payment requirements in the normal course of events remains low.

3.10 Environmental, Social and Governance

"ESG" refers to the environmental, social and governance factors, including government/public policy and disclosure concerns, relevant to an investment that may have a financial impact on that investment. The university has a fiduciary duty to act in the long-term interests of the beneficiaries of the Plans. The Plans' investment portfolio managers determine the stock holding of each fund. Where relevant and material to the assessment of investment value and mitigation of investment risk, ESG factors should be evaluated alongside other considerations by the Plan's investment managers in the exercise of their delegated duties. The university does not impose specific constraints on portfolio investments on the sole basis of ESG factors.

3.11 Conflicts Between the Policy and Pooled Fund Investment Policies

While the guidelines in this Policy are intended to guide the management of the Fund, it is recognized that, due to the use of pooled funds, there may be instances where there is a conflict between this policy and the investment policy of a pooled fund. In that case, the pooled fund policy shall dominate. However, wherever such a conflict results in non-compliance with the Policy, the Fund Manager must report this conflict explicitly in its quarterly compliance report.

Section 4—Monitoring and Control

4.01 Performance Measurement

Evaluation of investment performance will be made by the Committee and will take place semi-annually based on the results at June 30 and December 31.

(a) Total Fund Benchmark

The primary performance objective of the Fund is to earn a rate of return that exceeds the rate of return on a benchmark portfolio over a four (4) year period. The benchmark consists of the following market index total returns weighted as indicated:

Benchmark	Weight (%)
S&P/TSX Composite Index	~~20~~14.0
S&P 500 Index (Cdn. $)	~~8~~5.0
Russell 1000 Index (Hedged)	~~14~~17.0
MSCI EAFE Index (Cdn. $)	~~15~~17.0
MSCI ~~EAFE~~ ACWI ~~Index~~(Cdn. $) ~~(Hedged)~~	~~7.~~8.0
FTSE TMX Universe Bond Index	~~15~~10.0
FTSE TMX Long Term Bond Index	~~15~~25.0
~~FTSE TMX Real Return Bond Index~~	~~5.0~~
IPD Canada Property Index	1.0
CPI + 5%	3.0
Total	**100.0**

The Plans are currently undergoing a transition to its Total Fund Asset Mix as outlined in Section 2.04. The Total Fund Benchmark will be updated on a periodic basis to reflect the progress of this transition.

(b) Fund Managers

The primary objective of the active managers is to earn a rate of return that exceeds the total rate of return[2] on a benchmark portfolio over a four (4) year period or, in the case of passive managers, to earn a rate of return that approximates the returns earned on the relevant market indices, within agreed tracking variance ranges. A secondary objective is to achieve, over a four (4) year period at least second quartile performance compared to a performance measurement service pension data base. The managers' benchmarks and performance objectives are set out in more detail in their Investment Mandates. These may be amended, recognising that at all times the Fund must be managed in accordance with the asset mix guidelines and permitted and prohibited investments set out in Sections 2 and 3.

In addition to assessing performance relative to the Benchmark Portfolio, the Committee will examine risk factors and performance by asset class.

[2] Total rate of return is the time-weighted rate of return based on the change of market value including realised and unrealised gains and losses and including income from all sources.

4.02 Compliance Reporting by the Fund Manager

Each Fund Manager must submit a compliance report each quarter to the Treasurer. The compliance report should indicate whether or not the manager's portfolio was in compliance with this policy during the quarter.

In the event that the Fund Manager's portfolio is not in compliance with this policy, the Fund Manager is required to detail the nature of the non-compliance and to recommend an appropriate course of action to remedy the situation, to the Treasurer, who will inform the Committee. Minor deviations from the policy that require immediate action can be approved by the Treasurer, who will inform the Committee.

4.03 Standard of Professional Conduct

The Fund Managers are expected to comply at all times and in all respects with the Code of Ethics and Standards of Professional Conduct as promulgated by the CFA Institute or to a standard that is the equivalent of, or higher than that of the CFA.

The Fund Managers will manage the assets with the care, diligence and skill that a fund manager of ordinary prudence would use in dealing with pension plan assets. The Fund Managers will also use all relevant knowledge and skill that they possess, or ought to possess, as prudent fund managers.

Section 5—Administration

5.01 Conflicts of Interest

(i) Definition

For the purpose of this statement a conflict of interest is defined as any event in which any employee of, or member of, or consultant to:

(a) Board of Governors,

(b) Planning and Resources Committee,

(c) Audit Committee,

(d) Pension Trust Committee,

(e) Actuary,

(f) Fund Manager(s),

(g) Custodian/Trustee, and/or

(h) Consultant

or any directly related party may gain a financial or other advantage from knowledge of, or participation in, an investment decision of the fund, or a circumstance that could reasonably be interpreted as impairing his/her ability to render unbiased and objective advice or to fulfil his/her fiduciary responsibilities to act in the best interest of the beneficiaries of the Plans.

It is not possible to anticipate in advance, in this statement, the multitude of situations which can arise. All persons listed above must, therefore, be cognizant of the possibility that conflicts, or perceived conflicts, may arise and must make timely and full disclosure in accordance with generally accepted concepts of fiduciary responsibilities and in accordance with the procedures set forth below:

(ii) Responsibilities

This standard applies to the persons named in Section 5.01(i) above in the execution of their responsibilities under the Pension Benefits Act (Ontario) (the "Affected Persons").

(iii) Disclosure

In the execution of their duties, the Affected Persons shall disclose any material conflict of interest relating to them, or any material ownership of securities, which could impair their ability to render unbiased advice, or to make unbiased decisions, affecting the administration of the Plans' assets.

Further, it is required that no Affected Person shall make any personal financial gain (direct or indirect) because of his or her fiduciary position. However, normal and reasonable fees and expenses incurred in the discharge of his/her responsibilities are permitted if documented and approved by the University.

No Affected Person shall accept a gift or gratuity or other personal favour that is material, from a person with whom the Affected Person deals in the course of performance of his or her duties and responsibilities for the Plans.

It is incumbent on any Affected Person who believes that he or she may have a conflict of interest, or who is aware of any conflict of interest, to disclose full details of the situation in writing to the Chair of the Committee within three business days after the individual becomes aware of the conflict of interest. The disclosure should also be made orally if awareness of the conflict occurs during the discussion of Plans' business.

The Committee, in turn, will decide what action is appropriate under the circumstances but, at a minimum, will table the matter at the next regular meeting of the Committee.

Normally, the individual disclosing the conflict of interest shall withdraw from the meeting during discussion of and vote on the issue causing the conflict of interest. The individual may be permitted, at the Committee's request, to participate in the discussion but he/she shall not be present for the vote.

The disclosure of a conflict of interest, the name of the individual declaring the conflict and the manner in which the conflict was resolved will be recorded in the minutes of the Committee.

5.02 Related Party Transactions

Related party transactions are permitted for the Plans, subject to the following conditions:

(a) Any transaction that is required for the operation or administration of the Plans under terms and conditions that are not less favourable to the Plans than market terms and conditions and such transaction does not involve the making of loans to, or investments in, the related party; or

(b) Any transaction, where the combined value of all transactions with the same related party is nominal or the transaction(s) is immaterial to the Plans.

For the purposes of this section, only the market value of the combined assets of the Plans shall be used as the criteria to determine whether a transaction is nominal or immaterial to the Plans. Transactions less than 3% of the combined market value of the assets of the Plans are considered nominal. Two or more transactions with the same related party shall be considered a single transaction.

5.03 Selecting Fund Managers

In the event that a new Fund Manager must be selected or additional Fund Manager(s) added to the set of existing fund managers, the Committee will undertake a Fund Manager search with the assistance of a third-party investment consultant. The criteria used for recommending the selection of a Fund Manager to the Board of Governors will be consistent with the investment and risk philosophy set out in Section 1.05 (Investment and Risk Philosophy).

5.04 Monitoring of Fund Managers

At least semi-annually, the Committee will monitor and review the:

(a) Assets and net cash flow of the Plans;

(b) Fund Manager's staff turnover, consistency of style and record of service;

(c) Fund Manager's current economic outlook and investment strategies;

(d) Fund Manager's compliance with this Policy and their Investment Mandate, where a Manager is required to complete and sign a compliance report; and

(e) Investment performance of the assets of the Plans in relation to the rate of return expectations outlined in this Policy.

5.05 Dismissal of a Fund Manager

The Committee shall consider from time to time whether a Fund Manager's investment performance or any other circumstances may warrant recommendation to the Board of Governors of the introduction of a probationary period or a change in Fund Manager(s). Such circumstances would include but not be limited to:

(a) Significant turnover in staff of Fund Manager(s);

(b) Change in ownership of Fund Manager(s);

(c) Failure of the Fund Manager(s) to satisfy all of the responsibilities set out in Section 3 of this Statement or set out in the Manager's Investment Mandate;

(d) Desire to diversify the management of the Pension Fund or to add another Fund Manager(s).

(e) Unsatisfactory performance and/or compliance in relation to the performance standards specified in Sections 3 and 4 of this Policy.

5.06 Voting Rights

The Board of Governors has delegated voting rights acquired through the investments held by the Plans to the custodian of the securities to be exercised in accordance with the Fund Managers' instructions. Fund Managers are expected to exercise all voting rights related to investments held by the Fund in the interests of the Plans' members. The Fund Managers shall provide their proxy voting policies to the Treasurer.

Further, the Fund Managers must maintain records documenting how they voted and whether ESG was factored into the proxy voting decision making process and must advise the Treasurer regarding their voting on any unusual items or items where they vote against management, at least on an annual basis.

At least annually, each Fund Manager shall provide Treasury with a report of proxy voting actions and how ESG factored into the voting.

At least annually, a summary report of investment manager proxy voting action and how ESG factored into the voting shall be provided to the Planning and Resources Committee of the Board of Governors.

The Board of Governors reserves the right to take back voting rights of assets held in segregated portfolios for specific situations.

5.07 Valuation of Investments Not Regularly Traded

The following principles will apply for the valuation of investments that are not traded regularly:

(a) Equities
Average of bid-and-ask prices from two major investment dealers, at least once every calendar quarter.

(b) Bonds
Same as for equities.

(c) Mortgages
Unless in arrears, the outstanding principal plus/minus the premium/discount resulting from the differential between the face rate and the currently available rate for a mortgage of similar quality and term, determined at least once every calendar quarter.

(d) Real Assets
A certified written appraisal from a qualified independent appraiser at least every two years.

5.08 Policy Review

The Policy may be reviewed and revised at any time, but it must be formally reviewed by the Committee, the Planning and Resources Committee and by the Board of Governors at least annually.

5.09 Asset-Liability Review

An Asset-Liability Study will be considered by the Committee every three to five years. A new Asset-Liability Study may be undertaken if any of the following events occur:

(a) The sponsor's risk posture changes significantly;

(b) There are significant changes to pension legislation or regulations that affect the key metrics used in making decisions in the Asset-Liability Study or should affect the asset allocation in the future;

(c) Capital market conditions change significantly such that the assumptions embedded in the Asset-Liability Study are no longer reasonable;

(d) There are changes in the Plan's benefits or liability structure; or

(e) New methodologies emerge that appear to improve the usefulness of Asset-Liability studies.

Policies, Procedures and Guidelines

Complete Policy Title:
Statement of Investment Policies and Procedures

The Master Trust for the Contributory Pension Plan for Salaried Employees of McMaster University Including McMaster Divinity College and the Contributory Pension Plan for Salaried Employees of McMaster University Including McMaster Divinity College 2000

Policy Number (if applicable):

Approved by:
Board of Governors

Date of Most Recent Approval:
[ ]

Date of Original Approval(s):
June 13, 2002

Supersedes/Amends Policy dated:
October 29, 2019

Responsible Executive:
Assistant Vice-President (Administration) and CFO

Enquiries:
University Secretariat

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Contents

Section 1—Overview

1.01 Purpose of Statement

This Statement of Investment Policies and Procedures (the 'Policy') is intended to set out the investment framework which shall apply at all times for the Contributory Pension Plan for Salaried Employees of McMaster University, including McMaster Divinity College and the Contributory Pension Plan for Salaried Employees of McMaster University, including McMaster Divinity College 2000 (collectively the 'Plans').

This Policy is based on the 'prudent person portfolio approach' to ensure the prudent investment and administration of the assets of the Plans (the 'Fund') within the parameters set out in the Pension Benefits Act (Ontario) and the regulations thereunder.

1.02 Background of the Plans

McMaster University was established in 1887 by the bequest of William McMaster and is a university incorporated under the laws of the Province of Ontario, which provides operating grants annually to the University.

The University sponsors defined benefit pension plans into which its contributions and the employees' contributions are deposited. These contributions are made bi-weekly and are remitted before the end of the following month to the Plans' trustee.

Retiree benefits are paid from the Plans. Also paid from the Plans are termination and death benefits, trustees' fees, audit fees, actuaries' fees, investment counsel fees, consultants' fees, filing fees and administrative and other related costs.

1.03 Plan Profiles

(a) Contributions

The Plans are contributory. Each member is required to contribute in accordance with the Plan Text and limited by specified maximums, as applicable.

(b) Benefits [1]

The amount of annual pension payable to most members will be:

(i) 1.4% of Best Average Salary up to the Average Year's Maximum Pensionable Earnings times years of pensionable service, plus

(ii) 2.0% of Best Average Salary in excess of the Average Year's Maximum Pensionable Earnings times years of pensionable service up to the maximum pension limits for an RPP as specified in the Income Tax Act.

[1] Unifor Unit 1 members who were hired on or after May 1, 2010 benefits are calculated using 1% and 1.6%.

1.04 Objective of the Plans

The objective of the Plans is to provide participants with defined pension benefits based on a best average salary and with indexation of retirement benefits, as defined in the Plan text for the Contributory Pension Plan for Salaried Employees of McMaster University Including McMaster Divinity College, Registration Number 0215400 ("Plan Text") and in the Contributory Pension Plan for Salaried Employees of McMaster University Including McMaster Divinity College 2000, Registration Number 1079920 ("Plan 2000 Text"). It is important to set up an appropriately diversified asset mix in order to ensure continued prudent and effective management of pension fund assets.

1.05 Investment Objective, Beliefs, Risk Appetite

Funding Objectives

The Plans' funding objectives are to:

(a) Focus on maintaining a going concern funded ratio between 90-110%,
(b) Manage the volatility of contributions, and
(c) Reduce the likelihood of material solvency payments and target to maintain the solvency funded ratio above 85% at all future actuarial valuation dates.

Investment Objectives

The investment objective of the Plans' investments is to earn a return sufficient to keep the Plans sustainable over the long term, while keeping benefit levels and contribution rates stable. This requires an appropriate balance between risk and return.

Risk Appetite

Based on the characteristics of the Plans, the Committee has determined that the Plans have a moderate risk appetite for investment risk as demonstrated by the approved asset classes, investment targets and limits within this policy.

Investment Beliefs

The Pension Trust Committee ("Committee") has, from time to time, reviewed and confirmed its investment beliefs which take into consideration the types of investments and associated risks that are aligned with investment objectives and risk appetite.

As part of a recent asset-liability study that was completed for the Plans in 2018, a risk diagnosis was conducted reviewing the impact of the current and alternative asset mixes on contributions, solvency funding and going concern funding.

Commensurate with the liability profile and funding position of the Plans, and long-term time horizon, the Committee has determined and confirmed that the Plans remain well positioned, and continue to have the ability to invest based on a long-term approach and accept a higher degree of investment risk.
The following were also used as inputs into this determination:

(a) A focus on the going concern liability position of the plan versus solvency liability position;
(b) The actuary's smoothed asset approach in valuing the plan's liability position;
(c) Diversifying return-seeking assets in order to position the Plans to earn additional investment income in a risk-monitored framework; and
(d) Managing the duration of the fixed income portfolio to reduce interest rate risk and the probability of solvency shortfall.

1.06 Delegation of Responsibility and Administration

The University is the legal administrator of the Plans and is therefore responsible for all matters relating to the administration, interpretation and application of the Plans, including developing, monitoring and amending this Policy. The Committee, a standing Committee of the University's Board of Governors, has been formed for the purpose of assisting the University with the administration of the Plans.

Overall responsibility for the Plans ultimately rests with the Board of Governors of the University. The Committee assists the Board in fulfilling its fiduciary responsibilities. As well, other suppliers assist the University as described below.

(a) **The Committee will**:

(i) Recommend to the Board of Governors general pension investment policy and annually review the Statement of Investment Policies and Procedures;

(ii) Monitor the performance of the Fund;

(iii) Monitor and review performance of Investment Consultants and Fund Managers:

1. Make recommendations to the Board of Governors with respect to situations of deviation or proposed deviation by Fund Managers from the Policy;

2. Make recommendations to the Board of Governors on the appointment of, mandates for and replacement of such Investment Consultants and Fund Managers.

(iv) Monitor the annual calculation of the "Net Interest on the Fund" and the "Annual Pension Increase";

(v) Discuss and promote awareness and understanding of the Plans by members of the Plans and persons receiving benefits under the Plans;

(vi) Comment and make recommendations to the Planning and Resources Committee on:

1. The performance and appointment of the Actuary; and

2. The actuarial methods and assumptions used in determining the financial condition of the Plans and the contributions to the Plans.

(vii) Comment and make recommendations to the Planning and Resources Committee on proposed changes to the Plans' Texts, and propose changes to the Plans' Texts; and

(viii) Monitor at least annually all fees and the administrative expenses paid from the Plans, and determine whether they are appropriate. Changes in the nature and structure of administrative expenses paid may be approved by the Board of Governors only if recommended by the Pension Trust Committee as a result of a ballot of all Committee members.

(b) The Fund Manager(s) will:

(i) Invest the assets of the Fund in accordance with this Policy;

(ii) Notify the Committee, in writing, of any significant changes in the Fund manager's philosophies and policies, personnel or organization and procedures; and

(iii) Meet with the Committee as required and provide written reports regarding their past performance, their future strategies and other issues requested by the Committee.

(c) The Custodian/Trustee will:

(i) Maintain safe custody over the assets of the Plans (i.e. both segregated and pooled mandates);

(ii) Execute the instructions of the University and the Fund Manager(s); and,

(iii) Record income and provide monthly financial statements to the University as required.

(d) The Actuary will:

(i) Perform actuarial valuations of the Plans as required or as directed by the Committee;

(ii) Advise the Committee on any matters relating to the Plans' design, membership and contributions; and,

(iii) Assist the Committee in any other way required.

(e) The Investment Consultant will:

(i) Assist in the development and implementation of this Policy;

(ii) Monitor the performance of the Fund and the Fund Managers on a quarterly basis, and advise the Committee on such performance;

(iii) Monitor funding and performance objectives on a quarterly basis;

(iv) Monitor the Fund Managers' quarterly compliance reports;

(v) Support the Committee on matters relating to investment management and administration of the Fund; and,

(vi) Meet with the Committee as required.

(f) The Accountant will:

(i) Provide annual audited financial statements of the Plans.

(g) University Management will:

(i) Ensure compliance with legal and University requirements;

(ii) Execute decisions made by relevant governing bodies;

(iii) Work closely with consultants, custodian, actuary and the investment managers, as appropriate including documenting the investment managers' mandates;

(iv) Determine appropriate rebalancing strategy, as necessary, as outlined in Section 2.04 (d);

(v) Review the expenses of the Plans; and

(vi) Maintain all documents and make them available upon request

The Board of Governors has the authority to retain other consultants/suppliers, as it deems necessary from time to time.

Section 2—Asset Mix and Diversification Policy

2.01 Investment Objectives - Portfolio Return Expectations

The Fund will be managed on a going-concern basis. The primary objective is to ensure that the benefits defined in the Plans can be paid.

The secondary performance objective is to outperform a benchmark portfolio constructed from rates of return (including income) of the Standard & Poor's Toronto Stock Exchange Composite Index (S&P/TSX Composite Index), the Standard & Poor's 500 Index (S&P 500 Index), the Russell 1000 Hedged to C$ Index, the MSCI Europe, Australasia and Far East Index (MSCI EAFE Index), the MSCI All Country World Index (MSCI ACWI Index), the FTSE TMX Universe Bond Index, the FTSE TMX Long Term Bond Index, the Investment Property Databank (IPD) Canada Property Index and a customized CPI + 5% index, in proportion to the weights indicated in Section 4.01 (a) and calculated over rolling four-year time periods.

2.02 Investment Risk Tolerance - Expected Volatility

The expected volatility of investment returns for the Fund is directly related to the asset mix strategy; specifically, the balance between Canadian equities, foreign equities, Canadian bonds and Real Assets. Volatility is inherent in investing and will be managed according to the minimum and maximum asset mix ranges as outlined in Section 2.04. It is expected that the volatility of Fund returns should be similar to the volatility of the Total Combined Fund Benchmark Portfolio set out in Section 4.01.

It is reasonable to invest for a long-term horizon for the asset mix strategy, accept short-term market volatility and accept a moderately higher degree of liquidity risk due to the Plans' high ratio of active members versus inactive members. The Committee will further monitor the volatility of the Fund and underlying Fund Managers on an ongoing basis.

2.03 Management Structure

To reduce the overall volatility of returns and to reduce the risk that active managers will underperform market index returns, a hybrid management structure has been adopted for the Fund consisting of a combination of active and passive specialist equity, bond and currency overlay managers, subject to Section 2.04 (a). McMaster University will focus on retaining managers it considers best placed to meet its investment objectives. This may lead to specialist regional and/ or global managers being retained.

2.04 Asset Mix – Risk Limits

(a) Overall Asset Mix

The benchmark portfolio is representative of the long-term asset mix policy for the Fund as set out by the Board of Governors. Investment specific limits are set forth in Section 3. The Total Fund benchmark portfolio and asset mix guidelines (by market value) are set out below:

Total Fund Asset Mix

	Min	Target	Max
Equities and Real Assets	50	65	80
Total Fixed Income	20	35	50
		100	

Total Fund Benchmark Portfolio by Asset Class

Assets[1]	Minimum (%)	Benchmark (%)	Maximum (%)
Canadian Equities	8	13	18
U.S. Equities[1]	15	20	25
Non-North American Equities	10	15	20
Global Equities	0	7	14
Real Assets[2]	5	10	15
Universe Bonds	5	10	20
Long Term Bonds	15	25	30
Cash and Short-term	0	0	10
		100	

[1]A total of 50% +/- 5% of the Total Fund's foreign currency exposure shall be hedged to the Canadian Dollar.
[2]The Real Assets minimum is expected to be achieved once signed commitments have been funded in the next 12-18 months.

The allocation to Real Assets will be built up over time. It is recognized that due to the nature of investing in Real Assets (i.e. long investment queues), it will take some time to reach the benchmark allocation of 10%. Until such time that this is accomplished, the minimum and maximum ranges around benchmarks have been set wider to accommodate the transition to Real Assets.

Categorizations per Pension Benefits Act

The target asset mix for each category listed in subsection 76(12) of the Regulations to the Pension Benefit Act (Ontario) is as follows:

Category	Benchmark Portfolio (%)
1. Insured contracts	
2. Mutual or pooled funds or segregated funds	
3. Demand deposits and cash on hand	
4. Short-term notes and treasury bills	
5. Term deposits and guaranteed investment certificates	
6. Mortgage loans	
7. Real estate	5
8. Real estate debentures	
9. Resource properties	
10. Venture capital	
11. Corporations referred to in subsection 11(2) of schedule III to the federal investment regulations	
12. Employer issued securities	
13. Canadian stocks other than investments referred to in 1 to 12 above	13
14. Non-Canadian stocks other than investments referred to in 1 to 12 above	42
15. Canadian bonds and debentures other than investments referred to in 1 to 12 above	35
16. Non-Canadian bonds and debentures other than investments referred to in 1 to 12 above	
17. Investments other than investments referred to in 1 to 16 above	5

Note that the full allocation made to items 7 and 17, 26% of the allocation made to item 14 and 26% of the allocation made to item 15 are accessed via pooled funds. Investments referenced in item 17 are made to infrastructure.

(b) Manager Compliance

The Fund Managers shall comply with restrictions imposed by Federal or Provincial legislation and regulations, as well as with their respective Investment Mandates. Should a Fund Manager wish to deviate from the mandate established with the University, he/she must contact, in advance, the Treasurer**,** who will solicit approval from the Board of Governors. Should there be a sudden change in market conditions that causes the asset mix to be offside, the Fund Manager will immediately either seek the necessary approval to remain offside, or take corrective action and contact the Treasurer, who will inform the Board of Governors. The Treasurer will report all such occurrences and their resolution to the Committee.

(c) Manager Rebalancing Guidelines

The asset classes of the Plans shall be rebalanced to within the minimum and maximum ranges around benchmark (taking into consideration transaction costs, liquidity and transition to Real Assets) when, at the end of any quarter, any one of the asset classes outside of these ranges as indicated in Section 2.04 (a).

Section 3—Permitted and Prohibited Investments

3.01 General Guidelines

The investments of the Fund must comply with the requirements and restrictions imposed by the applicable legislation, including but not limited to the requirements of the Pension Benefits Act (Ontario), the Income Tax Act (Canada), and any relevant regulations.

3.02 Permitted Investments

In general, and subject to the restrictions noted below, the Fund may invest directly or via pooled funds in any of the asset classes and in any of the instruments listed below.

(a) Canadian and Foreign Equities

(i) Common and convertible preferred stock listed on a recognized exchange;

(ii) Debentures convertible into eligible common or convertible preferred stock;

(iii) Rights, warrants and special warrants for eligible common or convertible preferred stock;

(iv) Instalment receipts and American and Global Depository Receipts;

(v) Units of real estate investment trusts (REITs) listed on a recognized exchange;

(vi) Units of income trusts domiciled in jurisdictions that provide limited liability protection to unitholders;

(vii) Units of limited partnerships which are listed on a recognized exchange; and,

(viii) Private placements of equities, where the security will be eligible for trading on a recognized exchange within a reasonable and defined time frame and subject to Section 3.04.

(b) Bonds

(i) Bonds, debentures, notes, non-convertible preferred stock and other evidence of indebtedness of Canadian, foreign or supranational issuers whether denominated and payable in Canadian dollars or a foreign currency;

(ii) Mortgage-backed securities, guaranteed under the National Housing Act;

(iii) Term deposits and guaranteed investment certificates; and,

(iv) Private placements of bonds and asset backed securities subject to Section 3.04.

(c) Cash and Short Term Investments

(i) Cash on hand and demand deposits;

(ii) Treasury bills issued by the federal and provincial governments and their agencies;

(iii) Obligations of trust companies and Canadian and foreign banks chartered to operate in Canada, including bankers' acceptances;

(iv) Commercial paper and term deposits;

(v) Deposit accounts of the custodian can be used to invest surplus cash holdings; and,

(vi) Repurchase Agreement transactions for cash management purposes, with transactions limited to counterparties with a minimum BBB counterparty credit rating at the time of the transaction.

(d) Derivative Instruments

Derivatives are to be used primarily for defensive purposes, including currency hedging. The use of derivative instruments which would be contracted on a leveraged basis is prohibited. Investment Funds that invest in derivatives must comply with all applicable statutory provisions and regulations, including the Prudent Person Rule, and must be invested and managed in accordance with regulatory derivatives best practices.

The following uses of derivative instruments for defensive purposes are permitted:

(i) Covered put and/or call options with respect to publicly traded securities that are held in the portfolio;

(ii) The Manager of an index portfolio may utilize fully backed (i.e. non-leveraged), derivative strategies designed to replicate the performance of specific market indices; and,

(iii) Currency futures contracts and forward contracts whose use is restricted to reducing risk as part of a currency hedging strategy. Within pooled funds, the Fund Managers' policy on derivatives will take precedence.

(e) Real Assets

(i) Direct real estate and direct infrastructure investment via independently managed pooled funds, limited partnerships or specialist corporate structures (i.e. LLCs). The mandate of each fund, partnership or corporate structure will vary with the long-term goal of assembling a diversified real estate portfolio.

(ii) Permitted and prohibited investments in real assets will be governed by the terms and conditions set out in the respective pooled fund contract, Offering Memorandum, Trust Agreement or similar document that is applicable to each Investment Manager.

3.03 Minimum Quality Requirements for Bonds

(a) Quality Standards

Within the investment restrictions for individual portfolios, all portfolios should hold a prudently diversified exposure to the intended market.

(i) The minimum quality standard for individual bonds and debentures is 'BBB' or equivalent as rated by a Recognised Bond Rating Agency, at the time of purchase.

(ii) The minimum weighted average rating of the overall bond portfolio must be 'A', or better.

(iii) The minimum quality standard for individual short term investments is 'R-1' or equivalent as rated by a Recognised Bond Rating Agency, at the time of purchase.

(b) Rating Agencies

For purposes of this Policy, the following shall be considered 'Recognized Bond Rating Agencies':

(i) Dominion Bond Rating Agency;

(ii) Standard & Poor's;

(iii) Moody's Investors Services; and

(iv) Fitch Ratings (foreign issuers only).

Should the rating on a short-term or bond investment fall below the minimum standards outlined above, the Fund Manager must immediately notify the Treasurer and communicate the action that is to be taken. The Treasurer must report all such occurrences and action undertaken to remedy the situation to the Committee.

3.04 Maximum Quantity Restrictions

While specific restrictions are reflected in the individual manager mandates, the following restrictions are to be respected:

(a) Equities

(i) No one equity holding shall represent more than 10% of the market value of any one manager's equity portfolio;

(ii) No one equity holding shall represent more than 10% of the voting shares of a corporation;

(iii) No one equity holding shall represent more than 10% of the available public float of such equity security;

(iv) Private placements can be held to a maximum of 10% of the equity portfolio; and,

(v) No more than 15% of the market value of the equity manager's portfolio shall be invested in Royalty or Income Trusts.

(b) Bonds and Short-Term Securities

(i) Except for federal bonds and provincial bonds having at least an A credit rating, no more than 10% of a manager's bond portfolio may be invested in the bonds of a single issuer and its related companies;

(ii) Except for federal and provincial bonds, no one bond holding shall represent more than 10% of the market value of the total outstanding for that bond issue;

(iii) No more than 10% of the market value of a manager's bond portfolio shall be invested in bonds rated 'BBB' or equivalent and no bond rated 'BBB' or equivalent shall exceed 3% of the market value of the portfolio;

(iv) No more than 20% of the market value of a manager's bond portfolio shall be invested in bonds denominated in a currency other than Canadian dollars;

(v) No more than 20% of the market value of a manager's bond portfolio shall be invested in bonds of foreign issuers; and,

(vi) Private placements and asset-backed securities can be held to a maximum of 15% of the bond portfolio.

3.05 Prior Permission Required

Subject to applicable legislation and regulations, any other investments are permitted provided that the Fund Manager has obtained prior written permission from the Board of Governors upon recommendation of the Committee:

3.06 Prohibited Investments

The Fund Managers shall not:

(a) Invest in companies for the purpose of managing them;

(b) Purchase securities on margin or engage in short sales, except in the case of a unleveraged synthetic index strategy where the manager will utilize futures contracts and short-term securities to attempt to create returns that match those of a specified index;

(c) Invest in securities that would result in the imposition of a tax on the Fund under the Income Tax Act (Canada) unless they provide a prior written acknowledgement to the Committee that such investments will result in a tax and receive prior written permission for such investments from the Board of Governors;

(d) Invest in any securities issued by McMaster University or its affiliated entities; or

(e) Make any investment not specifically permitted by this Policy or the Fund Manager's investment mandate.

3.07 Securities Lending

Defined securities held by the Plans may be loaned by the Trustee under a properly approved contract with the University.

The investments of the Fund may be loaned for the purpose of generating revenue for the Fund, subject to the provisions of the Pension Benefits Act (Ontario), the Income Tax Act (Canada), and applicable regulations.

Such loans must be secured by cash and/or readily marketable government bonds, treasury bills and/or letters of credit, discount notes and banker's acceptances of Canadian chartered banks. The amount of collateral taken for securities lending should reflect best practices in local markets, but should be at least 105% under an enhanced indemnity arrangement. The market value relationship between collateral and securities on loan must be calculated at least daily. For equity loans, high quality, liquid equities may also be accepted as collateral.

If the Fund is invested in a pooled fund, security lending will be governed by the terms and conditions of the pooled fund contract.

3.08 Borrowing

The Plans shall borrow money only for the purpose of covering a short-term contingency and the borrowing is for a period that does not exceed ninety days, subject to the Pension Benefits Act (Ontario), the Income Tax Act (Canada) and the written permission of the Board of Governors.

3.09 Liquidity

The Plans shall maintain assets that are sufficiently liquid in order to make necessary payments to members when required and to enable other changes, as required.

Liquidity Risk

The Plans' liquidity requirements primarily relate to pension payments. The Plans have a high a ratio of active members versus inactive members, as such the Plans' cash payment requirements in the normal course of events remains low.

3.10 Environmental, Social and Governance

"ESG" refers to the environmental, social and governance factors, including government/public policy and disclosure concerns, relevant to an investment that may have a financial impact on that investment. The university has a fiduciary duty to act in the long-term interests of the beneficiaries of the Plans. The Plans' investment portfolio managers determine the stock holding of each fund. Where relevant and material to the assessment of investment value and mitigation of investment risk, ESG factors should be evaluated alongside other considerations by the Plan's investment managers in the exercise of their delegated duties. The university does not impose specific constraints on portfolio investments on the sole basis of ESG factors.

3.11 Conflicts Between the Policy and Pooled Fund Investment Policies

While the guidelines in this Policy are intended to guide the management of the Fund, it is recognized that, due to the use of pooled funds, there may be instances where there is a conflict between this policy and the investment policy of a pooled fund. In that case, the pooled fund policy shall dominate. However, wherever such a conflict results in non-compliance with the Policy, the Fund Manager must report this conflict explicitly in its quarterly compliance report.

Section 4—Monitoring and Control

4.01 Performance Measurement

Evaluation of investment performance will be made by the Committee and will take place semi-annually based on the results at June 30 and December 31.

(a) Total Fund Benchmark

The primary performance objective of the Fund is to earn a rate of return that exceeds the rate of return on a benchmark portfolio over a four (4) year period. The benchmark consists of the following market index total returns weighted as indicated:

Benchmark	Weight (%)
S&P/TSX Composite Index	14.0
S&P 500 Index (Cdn. $)	5.0
Russell 1000 Index (Hedged)	17.0
MSCI EAFE Index (Cdn. $)	17.0
MSCI ACWI (Cdn. $)	8.0
FTSE TMX Universe Bond Index	10.0
FTSE TMX Long Term Bond Index	25.0
IPD Canada Property Index	1.0
CPI + 5%	3.0
Total	**100.0**

The Plans are currently undergoing a transition to its Total Fund Asset Mix as outlined in Section 2.04. The Total Fund Benchmark will be updated on a periodic basis to reflect the progress of this transition.

(b) Fund Managers

The primary objective of the active managers is to earn a rate of return that exceeds the total rate of return[2] on a benchmark portfolio over a four (4) year period or, in the case of passive managers, to earn a rate of return that approximates the returns earned on the relevant market indices, within agreed tracking variance ranges. A secondary objective is to achieve, over a four (4) year period at least second quartile performance compared to a performance measurement service pension data base. The managers' benchmarks and performance objectives are set out in more detail in their Investment Mandates. These may be amended, recognising that at all times the Fund must be managed in accordance with the asset mix guidelines and permitted and prohibited investments set out in Sections 2 and 3.

In addition to assessing performance relative to the Benchmark Portfolio, the Committee will examine risk factors and performance by asset class.

[2] Total rate of return is the time-weighted rate of return based on the change of market value including realised and unrealised gains and losses and including income from all sources.

4.02 Compliance Reporting by the Fund Manager

Each Fund Manager must submit a compliance report each quarter to the Treasurer. The compliance report should indicate whether or not the manager's portfolio was in compliance with this policy during the quarter.

In the event that the Fund Manager's portfolio is not in compliance with this policy, the Fund Manager is required to detail the nature of the non-compliance and to recommend an appropriate course of action to remedy the situation, to the Treasurer, who will inform the Committee. Minor deviations from the policy that require immediate action can be approved by the Treasurer, who will inform the Committee.

4.03 Standard of Professional Conduct

The Fund Managers are expected to comply at all times and in all respects with the Code of Ethics and Standards of Professional Conduct as promulgated by the CFA Institute or to a standard that is the equivalent of, or higher than that of the CFA.

The Fund Managers will manage the assets with the care, diligence and skill that a fund manager of ordinary prudence would use in dealing with pension plan assets. The Fund Managers will also use all relevant knowledge and skill that they possess, or ought to possess, as prudent fund managers.

Section 5—Administration

5.01 Conflicts of Interest

(i) Definition

For the purpose of this statement a conflict of interest is defined as any event in which any employee of, or member of, or consultant to:

(a) Board of Governors,

(b) Planning and Resources Committee,

(c) Audit Committee,

(d) Pension Trust Committee,

(e) Actuary,

(f) Fund Manager(s),

(g) Custodian/Trustee, and/or

(h) Consultant

or any directly related party may gain a financial or other advantage from knowledge of, or participation in, an investment decision of the fund, or a circumstance that could reasonably be interpreted as impairing his/her ability to render unbiased and objective advice or to fulfil his/her fiduciary responsibilities to act in the best interest of the beneficiaries of the Plans.

It is not possible to anticipate in advance, in this statement, the multitude of situations which can arise. All persons listed above must, therefore, be cognizant of the possibility that conflicts, or perceived conflicts, may arise and must make timely and full disclosure in accordance with generally accepted concepts of fiduciary responsibilities and in accordance with the procedures set forth below:

(ii) Responsibilities

This standard applies to the persons named in Section 5.01(i) above in the execution of their responsibilities under the Pension Benefits Act (Ontario) (the "Affected Persons").

(iii) Disclosure

In the execution of their duties, the Affected Persons shall disclose any material conflict of interest relating to them, or any material ownership of securities, which could impair their ability to render unbiased advice, or to make unbiased decisions, affecting the administration of the Plans' assets.

Further, it is required that no Affected Person shall make any personal financial gain (direct or indirect) because of his or her fiduciary position. However, normal and reasonable fees and expenses incurred in the discharge of his/her responsibilities are permitted if documented and approved by the University.

No Affected Person shall accept a gift or gratuity or other personal favour that is material, from a person with whom the Affected Person deals in the course of performance of his or her duties and responsibilities for the Plans.

It is incumbent on any Affected Person who believes that he or she may have a conflict of interest, or who is aware of any conflict of interest, to disclose full details of the situation in writing to the Chair of the Committee within three business days after the individual becomes aware of the conflict of interest. The disclosure should also be made orally if awareness of the conflict occurs during the discussion of Plans' business.

The Committee, in turn, will decide what action is appropriate under the circumstances but, at a minimum, will table the matter at the next regular meeting of the Committee.

Normally, the individual disclosing the conflict of interest shall withdraw from the meeting during discussion of and vote on the issue causing the conflict of interest. The individual may be permitted, at the Committee's request, to participate in the discussion but he/she shall not be present for the vote.

The disclosure of a conflict of interest, the name of the individual declaring the conflict and the manner in which the conflict was resolved will be recorded in the minutes of the Committee.

5.02 Related Party Transactions

Related party transactions are permitted for the Plans, subject to the following conditions:

(a) Any transaction that is required for the operation or administration of the Plans under terms and conditions that are not less favourable to the Plans than market terms and conditions and such transaction does not involve the making of loans to, or investments in, the related party; or

(b) Any transaction, where the combined value of all transactions with the same related party is nominal or the transaction(s) is immaterial to the Plans.

For the purposes of this section, only the market value of the combined assets of the Plans shall be used as the criteria to determine whether a transaction is nominal or immaterial to the Plans. Transactions less than 3% of the combined market value of the assets of the Plans are considered nominal. Two or more transactions with the same related party shall be considered a single transaction.

5.03 Selecting Fund Managers

In the event that a new Fund Manager must be selected or additional Fund Manager(s) added to the set of existing fund managers, the Committee will undertake a Fund Manager search with the assistance of a third-party investment consultant. The criteria used for recommending the selection of a Fund Manager to the Board of Governors will be consistent with the investment and risk philosophy set out in Section 1.05 (Investment and Risk Philosophy).

5.04 Monitoring of Fund Managers

At least semi-annually, the Committee will monitor and review the:

(a) Assets and net cash flow of the Plans;

(b) Fund Manager's staff turnover, consistency of style and record of service;

(c) Fund Manager's current economic outlook and investment strategies;

(d) Fund Manager's compliance with this Policy and their Investment Mandate, where a Manager is required to complete and sign a compliance report; and

(e) Investment performance of the assets of the Plans in relation to the rate of return expectations outlined in this Policy.

5.05 Dismissal of a Fund Manager

The Committee shall consider from time to time whether a Fund Manager's investment performance or any other circumstances may warrant recommendation to the Board of Governors of the introduction of a probationary period or a change in Fund Manager(s). Such circumstances would include but not be limited to:

(a) Significant turnover in staff of Fund Manager(s);

(b) Change in ownership of Fund Manager(s);

(c) Failure of the Fund Manager(s) to satisfy all of the responsibilities set out in Section 3 of this Statement or set out in the Manager's Investment Mandate;

(d) Desire to diversify the management of the Pension Fund or to add another Fund Manager(s).

(e) Unsatisfactory performance and/or compliance in relation to the performance standards specified in Sections 3 and 4 of this Policy.

5.06 Voting Rights

The Board of Governors has delegated voting rights acquired through the investments held by the Plans to the custodian of the securities to be exercised in accordance with the Fund Managers' instructions. Fund Managers are expected to exercise all voting rights related to investments held by the Fund in the interests of the Plans' members. The Fund Managers shall provide their proxy voting policies to the Treasurer.

Further, the Fund Managers must maintain records documenting how they voted and whether ESG was factored into the proxy voting decision making process and must advise the Treasurer regarding their voting on any unusual items or items where they vote against management, at least on an annual basis.

At least annually, each Fund Manager shall provide Treasury with a report of proxy voting actions and how ESG factored into the voting.

At least annually, a summary report of investment manager proxy voting action and how ESG factored into the voting shall be provided to the Planning and Resources Committee of the Board of Governors.

The Board of Governors reserves the right to take back voting rights of assets held in segregated portfolios for specific situations.

5.07 Valuation of Investments Not Regularly Traded

The following principles will apply for the valuation of investments that are not traded regularly:

(a) Equities
Average of bid-and-ask prices from two major investment dealers, at least once every calendar quarter.

(b) Bonds
Same as for equities.

(c) Mortgages
Unless in arrears, the outstanding principal plus/minus the premium/discount resulting from the differential between the face rate and the currently available rate for a mortgage of similar quality and term, determined at least once every calendar quarter.

(d) Real Assets
A certified written appraisal from a qualified independent appraiser at least every two years.

5.08 Policy Review

The Policy may be reviewed and revised at any time, but it must be formally reviewed by the Committee, the Planning and Resources Committee and by the Board of Governors at least annually.

5.09 Asset-Liability Review

An Asset-Liability Study will be considered by the Committee every three to five years. A new Asset-Liability Study may be undertaken if any of the following events occur:

(a) The sponsor's risk posture changes significantly;

(b) There are significant changes to pension legislation or regulations that affect the key metrics used in making decisions in the Asset-Liability Study or should affect the asset allocation in the future;

(c) Capital market conditions change significantly such that the assumptions embedded in the Asset-Liability Study are no longer reasonable;

(d) There are changes in the Plan's benefits or liability structure; or

(e) New methodologies emerge that appear to improve the usefulness of Asset-Liability studies.

Appendix B.

ASSET/LIABILITY AND INVESTMENT STRATEGY REVIEW – RECOMMENDATIONS

McMaster University
TREASURY OPERATIONS

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Treasury Operations,
1280 Main Street West
Hamilton, ON
L8S 4L8

COURIER ADDRESS
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Hamilton, ON
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http://www.mcmaster.ca/bms/BMS_Treasury.htm

May 10, 2019

To: Planning and Resources Committee

From: Pension Trust Committee

Subject: **Asset/Liability and Investment Strategy Review - Recommendations**

This memo summarizes the Salaried Pension Plan asset/liability study and Investment Strategy review and proffers recommendations to refine investment mix for the Salaried Pension Plan.

Recommendations:

That the Planning and Resources Committee approve, for recommendation to the Board of Governors, the changes to the long-term asset mix strategy as outlined below for the Contributory Pension Plan for Salaried Employees:

- Maintain the current allocation to return-seeking assets (65% of the portfolio) and risk reducing assets (35% of the portfolio.)
- Increase allocation to real estate and infrastructure with the intention of allocating to a target weight of 10% (currently 1%) portfolio allocation plus or minus 5%
- Extend the duration of the bond portfolio to provide better matching of assets with liabilities by increasing the allocation to long bonds from 15% to 25% by reducing allocations to Real Return bonds to 0% and Universe Bonds to 10%.
- Transition from the allocation to Active Universe Bonds to passive Long-term Bonds.

Any necessary revisions to the Statement of Investment Policies and Procedures will be tabled at a future Meeting, as the strategy is implemented.

Background

The Pension Trust Committee ("Committee") met on five occasions to review a series of detailed reports prepared by Aon related to the asset-liability study and investment strategy review. In addition, detailed training sessions regarding asset/liability methodology, real assets and fixed income investment alternatives were made available to Committee members (refer to Appendix 3 for schedule of meetings). The Committee reviewed all recommendations, which are summarized in the attached Executive Summary from Aon's Investment Strategy Review (refer to Appendix 1).

The analysis included traditional asset classes plus real estate and infrastructure and incorporated liabilities and the impact of different asset mixes on pension contributions and the funded ratios. These asset classes were selected after a wide range of options was presented by Aon.

The Investment Strategy Review objectives were set by management and the Committee. These included:

- a focus on the going concern funded position of the Plan;
- a desire to limit the risk of the Plan's funding position falling below 85% and triggering solvency deficit payments; and
- a focus on reducing risk (measured by increases in contributions) and maintain return (measured by average expected contributions).

The analysis was developed using Aon's stochastic asset liability model and primary inputs included projected economic factors such as inflation, interest rates, salary increases and asset class returns. The model produced a distribution of results for the key measurements (i.e. contributions and funded ratios) for the current asset mix policy along with alternative portfolios from the efficient frontier analysis.

Analysis and Observations

The objective of the analysis was to identify opportunities to improve risk associated with funded ratios and contributions over the 10 year projection period, while maintaining contribution rates (i.e. expected average return) at a similar level as the current strategic asset mix.

Key observations:

- The current asset mix has 65% in return seeking assets and 35% in fixed income (risk reducing) assets.
- Based on the characteristics of this plan (open – with a long-term horizon) increasing fixed income beyond 35% did not offer significantly better risk and return results.
- Increasing return seeking assets beyond 65% improved return but increased risk to extremely negative outcomes (i.e. outcomes whereby the 85% solvency funded ratio would be more likely to be breached)
- Retaining the existing mix of return seeking assets at 65% and risk reducing assets at 35% aligns best with balancing return and risk.
- Transition to long-term bonds and private debt, combined with refining the mix of return seeking assets to increase allocation to Real Asset from 1% to 25% funded by reducing equities from 64% to 40% provided the same expected return of the existing portfolio, while reducing risk to both the solvency ratio and contributions.

The Committee deliberated over the long-term strategy mix and acknowledged that a change would be beneficial, given the potential improvement in risk profile through better asset/liability matching. Refer to Appendix 2 for a summary of both the current asset mix and the proposed asset mix policies.

Transition Plan

Aon presented a transition plan which transitioned to the longer-term strategic asset mix over a period of up to 10 years. Key aspects are:

- Long bond transition completed by December 2020.
- Real asset transition (initial phase) achieve 10% real asset allocation by 2021
- Real asset transition Phase 2: long term target of 25% by 2028.

The Committee reviewed the Aon proposal and agreed to proceed with the long bond transition and the Real Asset transition. It was agreed that the private debt allocation of 10% be deferred to a future date to be determined based on Committee priorities. In the meantime, this allocation would remain in passive Universe Bonds. The second phase of the Real Asset transition is scheduled to be reviewed in 2021.

The recommended changes to the current asset mix will necessitate a number of amendments to the Statement of Investment Policies and Procedures. These revisions will be made over time as the recommended changes to the asset mix are implemented. Copies of the reports examined by the Pension Trust Committee are available for review by contacting the Treasurer by email or phone (moores11@mcmaster.ca or 905-525-9140 Ext. 24790).

Appendix 1 – Aon – Executive Summary – Asset/Liability and Investment Strategy Review

Executive Summary

Asset Allocation of Optimal Portfolios

	Recommended (FI35)	Current SIPP
FTSE TMX Canada - Universe	0.0%	15.0%
FTSE TMX Canada - Long-Term	25.0%	15.0%
FTSE TMX Canada - RRB	0.0%	5.0%
Private Debt	10.0%	0.0%
Real Assets	25.0%	1.0%
Canadian Equities	15.0%	20.0%
U.S. Equities	15.0%	22.0%
Int'l Equities	10.0%	22.0%
Fixed Income Assets	**35.0%**	**35.0%**
Return-Seeking Assets	**65.0%**	**65.0%**
Alternative Assets	**25.0%**	**1.0%**
Total Equities	**40.0%**	**64.0%**

Risk-Reward Relationship

	Recommended (FI35)	Current SIPP
Fixed Income Percentage	35.0%	35.0%
Average Compound Return	5.2%	5.2%
Average Standard Deviation	8.2%	9.7%
Average CTE	-12.8%	-15.0%

	Current SIPP	FI35
Worst-case[1] Cumulative Contributions	$1,319.2m	$1,194.8m
Worst-case[1] Solvency Funded Ratio	63.3%	67.8%
Annual Average Contributions	$75.3m	$72.9m

- Re-structuring the portfolio while maintaining the current Fixed Income allocation of 35% can improve contribution requirements in worst-case by as much as 9%
- Changes recommended include:
  - Increased allocation to Real Assets
  - Revision of fixed income assets to a combination of Long Term Bonds and Private Debt

[1] Conditional Tail Expectation – Average of the worst 5% of results

Appendix 2. Current and Proposed Interim & Long-Term Asset Mix

	Current Asset Mix	Proposed Interim Asset Mix Target by 2022	Proposed Long-Term Asset Mix Target by 2028
Risk Reducing			
Fixed Income	35%	35%	35%
▪ Long-term Bonds	15%	25%	25%
▪ Universe Bonds	15%	10%	0%
▪ Real Return Bonds	5%	0%	0%
▪ Investment Grade Private Debt	0%	0%	10%*
Total Risk Reducing	**35%**	**35%**	**35%**
Return Seeking			
Equities	64%	55%	40%
▪ Canadian Equities	20%	20%	15%
▪ US Equities	22%	20%	15%
▪ Non-North American Equities	22%	15%	10%
Real Assets	1%	10%	25%*
Total Return Seeking	**65%**	**65%**	**65%**

*Subject to Pension Trust Committee review.

Appendix 3 – PTC Asset/Liability Study and Investment Strategy Review Meetings

Meeting Date	Agenda Item
17-Jan-18	Fixed Income Opportunity Set Education
08-Mar-18	ALS: Planning Meeting (with PTC)
10-May-18	ALS: Risk Diagnosis (with PTC)
05-Sep-18	Asset Liability Study Education Session with PTC
13-Sep-18	ALS: Asset Optimization and Recommendations (meeting with PTC)
08-Nov-18	Transition Plan presented to PTC
22-Jan-19	Real Assets Education Session with PTC
28-Feb-19	Infrastructure Manager Search presentation to PTC

Appendix C.

SUMMARY OF EQUITY STRATEGY REVIEW RECOMMENDATIONS

SUMMARY OF EQUITY STRATEGY REVIEW RECOMMENDATIONS

Background

In October 2019, the Board of Governors approved the updated Statement of Investment Policy Guideline which incorporated the investment strategy updates focused on asset classes changes arising from the Asset/Liability and Investment Strategy review (refer to Appendix B. May 2019 Investment Strategy Review and Recommendation). Which completed the first phase of the Investment Strategy review which focused on asset classes.

The second phase of the investment strategy review commenced in October 2019, which focused on a review of the Salaried Pension Plan public equities investments. The review was focused on investment portfolio structure and opportunities to reduce volatility and maintain/improve expected return.

Equity Strategy Recommendations:

The PTC reviewed the current region-based multi-manager investment strategy relative to alternatives presented by Aon. Based on the objective of reducing portfolio volatility, the PTC reviewed the benefit of including a global allocation and different investment manager styles to the current investment strategy mix. The investment strategy recommendations agreed to by the Pension Trust Committee are as follows:

1. **Reduce the allocation for Canadian Equities to 13% down from 20% of total investment portfolio (approximately 25% of the equities portfolio [13% represents 24% of total equities - based current target equities]).**

   Rationale: Improved diversification, since Canada represents only 3% of the world's market capitalization

2. **Establish a new allocation for Global Equities with a target of 7% of the total investment portfolio.**

   Rationale: Improved diversification and expected return profile. Allocating investments to Global mandates will allow managers to select the best in class investments globally instead of limiting investments to a specific region. The recommended allocation of 7% limits the potential for overallocation impacts on the total portfolio (limited size of mandates) and since global managers have maximum investment limits by region.

The PTC agreed that the revisions to equities mix allocations would be reflected in the SIP&P at the same time as the manager changes.

In addition, the PTC Sub-Committee recommended that the future manager replacements for JF U.S. Equity and Templeton EAFE Equity should seek to add managers that have investment strategies that are complimentary to the existing equity managers, including lower relative volatility and a bias towards the quality factor.

Summary of Investment Strategy Review & Manager Search Meetings

Meeting Date	Agenda Item
October 28, 2019	Equities Investment Strategy Review (Sub-Committee)
December 2, 2019	Equities Investment Strategy Review (Sub-Committee)
January 21, 2020	Structure Review – Equities Investment Strategy Review (Sub-Committee)
March 10, 2020	Strategy Recommendation - Equities Investment Strategy Review (PTC)
May 12, 2020	Equities Manager Search Process (PTC)
July 16, 2020	Equities Manager Search (Sub-Committee)
September 3, 2020	Equities Investment Manager Interviews (Sub-Committee)
September 17, 2020	Equities Investment Manager Evaluation (PTC)
November 12, 2020	Equites Investment Manager Final Recommendation (PTC)

Fund Financial Statements of

THE CONTRIBUTORY PENSION PLAN FOR HOURLY-RATED EMPLOYEES OF McMASTER UNIVERSITY INCLUDING McMASTER DIVINITY COLLEGE

And Independent Auditors' Report thereon

Year ended June 30, 2020

Registration Number 0215418

Draft

KPMG LLP
Commerce Place
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Hamilton Ontario L8P 4W7
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Telephone (905) 523-8200
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INDEPENDENT AUDITORS' REPORT

To the Administrator of The Contributory Pension Plan for Hourly-Rated Employees of McMaster University including McMaster Divinity College.

Opinion

We have audited the accompanying fund financial statements of The Contributory Pension Plan for Hourly-Rated Employees of McMaster University including McMaster Divinity College (the "Plan"), which comprise:

- the statement of net assets available for benefits as at June 30, 2020
- the statement of changes in net assets available for benefits for the year then ended
- and notes to the fund financial statements, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "fund financial statements").

In our opinion, the accompanying fund financial statements, present fairly, in all material respects, the net assets available for benefits of the Plan as at June 30, 2020, and its changes in net assets available for benefits for the year then ended in accordance with the financial reporting provisions of Section 76 of Regulations of the Pension Benefits Act (Ontario).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *"Auditors' Responsibilities for the Audit of the Financial Statements"* section of our auditors' report.

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the fund financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 1(a) in the fund financial statements, which describes the applicable financial reporting framework and the purpose of the financial statements. The fund financial statements are prepared to assist the Administrator of the Plan to meet the requirements of Section 76 of Regulations of the Pension Benefits Act (Ontario).

As a result, the fund financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the fund financial statements in accordance with the financial reporting provisions of Section 76 of Regulations of the Pension Benefits Act (Ontario), and for such internal control as management determines is necessary to enable the preparation of fund financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the fund financial statements, management is responsible for assessing the Plan's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the fund financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the fund financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the fund financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the fund financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the fund financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

November 9, 2020
Hamilton, Canada

Draft

THE CONTRIBUTORY PENSION PLAN FOR HOURLY-RATED EMPLOYEES OF MCMASTER UNIVERSITY INCLUDING MCMASTER DIVINITY COLLEGE

Statement of Net Assets Available for Benefits

June 30, 2020, with comparative information for 2019

	2020	2019
Assets:		
Cash	$ 264,990	$ 237,548
Employer contributions receivable	135,391	145,923
Employee contributions receivable	26,593	34,226
Other receivables	43,725	49,408
Pooled fund investments (note 2)	67,699,056	61,323,352
Total assets	68,169,755	61,790,457
Liabilities:		
Accounts payable	133,393	249,203
Net assets available for benefits	$68,036,362	$61,541,254

See accompanying notes to fund financial statements.

On behalf of McMaster University:

Roger Couldrey
Vice-President (Administration)
McMaster University

Deidre Henne
Assistant Vice-President (Administration) & CFO
McMaster University

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THE CONTRIBUTORY PENSION PLAN FOR HOURLY-RATED EMPLOYEES OF MCMASTER UNIVERSITY INCLUDING MCMASTER DIVINITY COLLEGE

Statement of Changes in Net Assets Available for Benefits

Year ended June 30, 2020, with comparative information for 2019

	2020	2019
INCREASE IN NET ASSETS:		
Net realized gain on sales of investments	$ 1,418,154	$ 2,478,897
Investment income	1,468,787	1,568,066
	2,886,941	4,046,963
Change in net unrealized gain in investments	454,949	101,326
	3,341,890	4,148,289
Contributions:		
Employer current service	680,858	624,918
Employer special	5,805,743	1,184,304
Employee required	436,448	452,839
	6,923,049	2,262,061
	10,264,939	6,410,350
DECREASE IN NET ASSETS:		
Payments to members:		
Pension benefits	2,785,744	2,853,726
Termination benefits	423,604	129,308
	3,209,348	2,983,034
Expenses:		
Professional	291,945	222,357
Investment manager	234,461	231,238
Trustee and custodial	19,686	16,726
Audit	9,184	9,152
Pension filing	5,207	3,197
	560,483	482,670
	3,769,831	3,465,704
Increase in net assets available for benefits	6,495,108	2,944,646
Net assets available for benefits, beginning of year	61,541,254	58,596,608
Net assets available for benefits, end of year	$68,036,362	$61,541,254

See accompanying notes to fund financial statements.

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THE CONTRIBUTORY PENSION PLAN FOR HOURLY-RATED EMPLOYEES OF MCMASTER UNIVERSITY INCLUDING MCMASTER DIVINITY COLLEGE

Notes to Fund Financial Statements

Year ended June 30, 2020

The Contributory Pension Plan for Hourly-Rated Employees of McMaster University including McMaster Divinity College (the "Plan") is a defined benefit registered pension plan in the Province of Ontario under registration number 0215418.

The Plan is operated in accordance with the Trust and Custodial Services Agreement dated June 30, 1999, between McMaster University ("Administrator") and CIBC Mellon Trust Company ("CIBC Mellon"), as Trustee.

1. Significant accounting policies:

(a) Basis of presentation:

The Financial Services Regulatory Authority of Ontario ("FSRA") replaced the Financial Services Commission of Ontario ("FSCO") effective June 2019. As permitted by the Financial Services Regulatory Authority of Ontario ("FSRA") under Section 76 of the Regulation to the Pension Benefits Act (Ontario), the Plan, as outlined in CPA Canada Handbook Section 4600, has prepared fund financial statements in accordance with Canadian accounting standards for pension plans excluding pension obligations and any resulting surplus or deficit.

In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, Section 4600 requires the Plan to comply (on a consistent basis) with either International Financial Reporting Standards (IFRS) - Part I of CPA Canada Handbook - Accounting or Canadian Accounting Standards for Private Enterprises - Part II of CPA Canada Handbook - Accounting. The Plan has chosen to comply on a consistent basis with IFRS.

These fund financial statements have been prepared to assist the Administrator of the Plan in meeting the requirements of the Financial Services Regulatory Authority of Ontario under Section 76 of Regulations of the Pension Benefits Act (Ontario). As a result, these fund financial statements may not be suitable for another purpose.

The fund financial statements of the Plan do not purport to show the adequacy of the Plan's assets to meet its pension obligation. Such an assessment requires additional information, such as the Plan's actuarial reports and information about McMaster University and McMaster Divinity College's financial health.

(b) Basis of measurement:

The fund financial statements have been prepared on the historical cost basis, except for investments and derivative financial instruments which are measured at fair value through the statement of changes in net assets available for benefits.

(c) Functional and presentation currency:

These fund financial statements are presented in Canadian dollars, which is the Plan's functional currency.

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1. Significant accounting policies (continued):

(d) Financial assets and financial liabilities:

(i) Non-derivative financial assets:

Financial assets are recognized initially on the trade date, which is the date that the Plan becomes a party to the contractual provisions of the instrument. Upon initial recognition, attributable transaction costs are recognized in the statement of changes in net assets available for benefits as incurred.

The Plan measures all of its investments at fair value through the statement of changes in net assets available for benefits.

All other non-derivative financial assets including contributions receivable are measured at amortized cost.

The Plan derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Plan neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and consideration received is recognized in the statement of changes in net assets available for benefits as a net realized gain or loss on sale of investments.

(ii) Non-derivative financial liabilities:

All financial liabilities are recognized initially on the trade date at which the Plan becomes a party to the contractual provisions of the instrument.

The Plan derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of net assets available for benefits when, and only when, the Plan has a legal right to offset the amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Plan considers its accounts payable to be a non-derivative financial liability.

(e) Fair value measurement:

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

In determining fair value, the Plan follows the guidance in IFRS 13, Fair Value Measurement ("IFRS 13"), in Part I of the CPA Canada Handbook. As allowed under IFRS 13, if an asset or a liability measured at fair value has a bid and an ask price, the price within the bid-ask spread that is the most representative of fair value in the circumstances shall be used to measure fair value. The Plan uses closing market price as a practical expedient for fair value measurement.

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1. Significant accounting policies (continued):

(e) Fair value measurement (continued):

When available, the Plan measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Plan establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

All changes in fair value, other than interest and dividend income, are recognized in the statement of changes in net assets available for benefits as part of the change in net unrealized gain in investments.

Pooled funds are valued at the unit values supplied by the pooled fund administrator, which represent the Plan's proportionate share of underlying net assets at fair value using closing market prices.

Fair values of investments are determined as follows:

i) Bonds and equities are valued at year-end quoted closing prices where available. Where quoted prices are not available, estimated fair values are calculated using comparable securities.

ii) Short-term notes, treasury bills and term deposits maturing within a year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.

iii) Pooled funds are valued at the unit values supplied by the pooled fund administrator, which represent the Plan's proportionate share of underlying net assets at fair values determined using closing market prices.

Investment transactions are accounted for on the trade date.

(f) Investment income:

Investment income, which is recorded on the accrual basis, includes interest income, dividends and pooled fund distributions.

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1. Significant accounting policies (continued):

(g) Change in net unrealized gain in investments:

The change in net unrealized gain in investments is the change in the difference between the fair value and cost of investments from the beginning to the end of the year.

(h) Net realized gain on sales of investments:

The net realized gain on sales of investments is the difference between proceeds received and the average cost of investments sold.

(i) Income taxes:

The Plan is a Registered Pension Trust, as defined by the Income Tax Act (Canada) and, accordingly, is not subject to income taxes.

(j) Foreign currency:

Transactions in foreign currencies are translated into Canadian dollars at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into Canadian dollars at the exchange rate at the reporting date.

The fair values of foreign currency denominated investments are translated into Canadian dollars at the reporting date rates of exchange. Gains and losses arising from transactions are included in investment income within the statement of changes in net assets available for benefits.

(k) Use of estimates:

The preparation of the fund financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the statement of net assets and the reported amounts of changes in net assets available for benefits during the year. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

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2. Pooled fund investments:

The following summary of pooled fund investments includes information provided in respect of individual investments with a book value or fair value in excess of 1% of the book or fair value of the Plan as at June 30, 2020, as required by the Pension Benefits Act (Ontario), with comparative information for 2019.

Fund name	Nature of investments held	2020 Fair value	2019 Fair value
Jarislowsky Fraser Bond Fund	Canadian bonds	$ 12,379,714	$ 23,364,405
Jarislowsky Fraser Long Term Bond Fund	Canadian bonds	15,481,417	-
Jarislowsky Fraser U.S. Equity Fund	U.S. equities	14,037,727	12,828,094
Jarislowsky Fraser Canadian Equity Fund	Canadian equities	12,616,701	12,725,468
Jarislowsky Fraser International Equity Fund	International equities	13,183,497	12,405,385
		$ 67,699,056	$ 61,323,352

All pooled funds held by the Plan are managed by Jarislowsky Fraser Limited. The book value of pooled fund investments at June 30, 2020 was $62,072,911 (2019 - $56,152,156).

3. Related party transaction:

The Administrator has provided administrative services without charge.

4. Financial instruments:

The investment objectives of the Plan are to efficiently fund the benefits of the participating plan members. As part of the risk management process, the Administrator has established a diversification policy, set rate of return objectives and developed specific investment guidelines.

(a) Fair value:

The fair value of investments is disclosed in note 2. The fair value of the Plan's other financial assets and liabilities, being cash, employee and employer contributions receivable, other receivables, and accounts payable, approximate carrying value due to the short-term nature of the instruments.

Fair value measurements recognized in the statement of net assets available for benefits are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values.

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - inputs for assets and liabilities that are not based on observable market data.

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4. Financial instruments (continued):

The following is a summary of the Plan's pooled fund investments carried at fair value:

2020	Level 1	Level 2	Level 3	Total
Canadian bonds	$ -	$ 12,379,714	$ -	$ 12,379,714
Canadian long term bonds	-	15,481,417	-	15,481,417
U.S. equities	-	14,037,727	-	14,037,727
Canadian equities	-	12,616,701	-	12,616,701
International equities	-	13,183,497	-	13,183,497
	$ -	$ 67,699,056	$ -	$ 67,699,056

2019	Level 1	Level 2	Level 3	Total
Canadian bonds	$ -	$ 23,364,405	$ -	$ 23,364,405
U.S. equities	-	12,828,094	-	12,828,094
Canadian equities	-	12,725,468	-	12,725,468
International equities	-	12,405,385	-	12,405,385
	$ -	$ 61,323,352	$ -	$ 61,323,352

(b) Associated risks:

(i) Market price risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual investment, its issuer or all other factors affecting all instruments traded in the market. As all of the Plan's financial instruments are carried at fair value with fair value changes recognized in the statement of changes in net assets available for benefits, all changes in market conditions will directly affect the net increase (decrease) in net assets available for benefits. Market price risk is managed by the Administrator through construction of a diversified portfolio of instruments traded on various markets and across various industries.

As of June 30, 2020, had the value of all equity benchmarks increased or decreased by 10% with all other variables remaining unchanged, and assuming there is a perfect positive correlation between the Plan's equities and benchmarks, the value of the Plan's total equities would have increased or decreased respectively, by approximately $3,984,000 (2019 - $3,796,000).

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4. Financial Instruments (continued):

(ii) Interest rate risk:

Interest rate risk is the risk that the market value of the Plan's investments will fluctuate due to changes in market interest rates. The value of the Plan's assets is affected by short-term changes in interest rates and equity markets. Interest rate changes directly impact the value of fixed income securities held in the various Bond Funds.

As at June 30, 2020, had the prevailing interest rates increased or decreased by 1% with all other variables remaining unchanged, the value of the bond securities components of the Plan would have increased or decreased by approximately $3,478,537 (2019 - $1,808,405).

(iii) Liquidity risk:

Liquidity risk is the risk that the Plan may be unable to meet pension payment obligations in a timely manner and at a reasonable cost. Management of liquidity seeks to ensure that even under adverse conditions, the Plan has access to immediate cash that is necessary to cover benefits payable, withdrawals and other liabilities. The Statement of Investment Policies and Procedures requires the Plan's investments to be highly liquid, so they can be converted into cash on short notice. The Plan's exposure to liquidity risk is considered negligible.

The accrued expenses of the Plan are all due within 90 days or less.

The following table summarizes the contractual maturities of all fixed income securities as at June 30, 2020, by the earlier of contractual repricing or maturity dates:

	2020		2019	
Maturity range	Fair value	Percentage of fixed income	Fair value	Percentage of fixed income
0 to 5 years	$ 4,939,506	17.7%	$10,186,881	43.6%
5 to 10 years	5,094,754	18.3%	7,102,779	30.4%
Over 10 years	17,826,871	64.0%	6,074,745	26.0%
	$ 27,861,131	100.0%	$ 23,364,405	100.0%

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4. Financial instruments (continued):

(b) Associated risks (continued):

(iv) Foreign currency risk:

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Plan invests in financial instruments denominated in various foreign currencies, other than its measurement currency. Consequently, the Plan is exposed to risks that the exchange of various currencies may change in a manner that has an adverse effect on the value of the portion of the Plan's assets denominated in currencies other than the Canadian dollar. The Plan's overall currency positions and exposures are monitored on a regular basis by the investment manager.

The Plan's currency exposure of its investments as at June 30, 2020, is as follows:

	2020		2019	
	Canadian dollar equivalent	Percentage of total	Canadian dollar equivalent	Percentage of total
US Dollar	$ 15,458,908	22.7%	$ 13,880,615	22.5%
Euro	4,235,858	6.2%	1,713,202	2.8%
Swiss Franc	2,664,385	3.9%	2,212,279	3.6%
Pound Sterling	1,589,930	2.3%	585,407	1.0%
Japanese Yen	1,526,649	2.2%	233,155	0.4%
Other	1,745,494	2.8%	6,608,821	10.7%
	$ 27,221,224	40.1%	$ 25,233,479	41.0%

As at June 30, 2020, if the Canadian dollar strengthened or weakened by 5% (2019 - 5%) in each respective foreign currency, with all other factors remaining constant, the following table summarizes the estimated impacts:

	2020		2019	
	Net exposure	Estimated impact	Net exposure	Estimated impact
US Dollar	$ 15,458,908	$ 772,945	$ 13,880,615	$ 694,031
Euro	4,235,858	211,793	1,713,202	85,660
Swiss Franc	2,664,385	133,219	2,212,279	110,614
Pound Sterling	1,589,930	79,496	585,407	29,270
Japanese Yen	1,526,649	76,332	233,155	11,658
Other	1,745,494	87,276	6,608,821	330,441
	$ 27,221,224	$ 1,361,061	$ 25,233,479	$ 1,261,674

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4. Financial instruments (continued):

(b) Associated risks (continued):

(v) Credit risk:

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Plan. Credit risk is generally higher when a non-exchange traded financial instrument is involved because the counterparty for non-exchange traded financial instruments is not backed by an exchange clearing house. The Plan policy does not permit investments in below investment grade securities. The credit risk is minimized by dealing with borrowers considered to be of high quality and by monitoring their credit risk. The Plan records all investments at fair value and therefore the values reflected in the statement of net assets available for benefits represent the maximum credit exposure to the Plan. The following is a summary of the June 30, 2020 weighted average of funds invested, and the respective allocation targets:

		Policy Asset Mix %		
	Asset Mix %	Minimum	Benchmark	Maximum
Canadian equities	18.6	10.0	20.0	30.0
U.S. equities	20.7	8.0	18.0	28.0
International equities	19.4	7.0	17.0	27.0
Total equities	58.7		55.0	
Fixed income	41.0	25.0	45.0	65.0
Cash	0.3	0.0	0.0	10.0
Total	100.0		100.0	

The following are the Plan's investments in interest-bearing financial instruments and the Plan's exposure to credit risk as at June 30, 2020:

	2020		2019	
Credit rating	Fair value	Percentage of portfolio	Fair value	Percentage of portfolio
AAA	$ 3,526,147	12.7%	$ 4,392,508	18.8%
AA	12,196,755	43.8%	10,654,169	45.6%
A	9,612,253	34.5%	6,822,406	29.2%
BBB	2,525,976	9.0%	1,495,322	6.4%
	$ 27,861,131	100.0%	$ 23,364,405	100.0%

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4. Financial instruments (continued):

(c) Interest bearing investments:

The following information is provided in respect to interest-bearing investments:

	2020		2019	
	Investment total	Average effective yield	Investment total	Average effective yield
Cash and cash equivalents	$ 264,990	0.0%	$ 237,548	0.5%
Jarislowsky Fraser Bond fund	$ 12,379,714	1.6%	$ 23,364,405	2.3%
Jarislowsky Fraser Long term bond fund	$ 15,481,417	2.0%	-	-

The average effective yield is the rate at which the future cash flows of the instrument must be discounted to arrive at the fair value of the instrument.

5. Capital risk management:

The capital of the Plan is represented by the net assets available for benefits. The main objective of the Plan is to ensure the security of the promised pension benefits under the Plan. The Plan fulfils its primary objective by adhering to specific investment policies outlined in its Statement of Investment Policies and Procedures (the "SIP&P"), which is reviewed annually by the Pension Committee. The Plan manages net assets available for benefits by engaging knowledgeable investment managers who are charged with the responsibility of investing existing funds and new funds (contributions) in accordance with the approved SIP&P. The SIP&P was last amended effective October 24, 2019 to reflect changes required by the Financial Services Regulatory Authority of Ontario.

Subsequent to the year end, the SIP&P was amended on October 8, 2020.

The Plan's investment manager and other consultants as at June 30, 2020 are as follows:

Service	**Manager and Consultants**
Investment Consultant	Mercer Investment Consulting
Investment Manager	Jarislowsky Fraser & Company Limited
Actuary	Mercer Human Resources Consulting Ltd.
Custodian/Trustee	CIBC Mellon Trust Company

Although there are no regulatory requirements relating to the level of net assets available for benefits, the funding to be maintained by the defined benefit Plan is determined through triennial actuarial valuations. No contributions remain past due as of June 30, 2020. The pension plan investments fell within the asset mix target ranges for the Plan as at June 30, 2020.

The Plan is required to file fund financial statements with the Financial Services Regulatory Authority ("FSRA") of Ontario annually.

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6. COVID-19:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization, which has resulted in governments worldwide, including the Canadian and provincial governments, enacting emergency measures to combat the spread of the virus. These measures which include the implementation of travel bans, self-imposed quarantine periods and social distancing have caused material disruption to businesses globally and in Canada, resulting in an economic slowdown. The potential impact to the Plan is primarily related to the investment portfolio and investment income due to the effect that the pandemic has had on global markets. As a result of the pandemic, the investment portfolio is being closely monitored to manage the impact of global market volatility. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Plan is not known at this time.

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Fund Financial Statements of

THE CONTRIBUTORY PENSION PLAN FOR SALARIED EMPLOYEES OF McMASTER UNIVERSITY INCLUDING McMASTER DIVINITY COLLEGE 2000

And Independent Auditors' Report thereon

Year ended June 30, 2020

Registration Number 1079920

Draft

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INDEPENDENT AUDITORS' REPORT

To the Administrator of The Contributory Pension Plan for Salaried Employees of McMaster University including McMaster Divinity College 2000

Opinion

We have audited the accompanying fund financial statements of The Contributory Pension Plan for Salaried Employees of McMaster University including McMaster Divinity College 2000 (the "Plan"), which comprise:

- the statement of net assets available for benefits as at June 30, 2020
- the statement of changes in net assets available for benefits for the year then ended
- and notes to the fund financial statements, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "fund financial statements").

In our opinion, the accompanying fund financial statements, present fairly, in all material respects, the net assets available for benefits of the Plan as at June 30, 2020, and its changes in net assets available for benefits for the year then ended in accordance with the financial reporting provisions of Section 76 of Regulations of the Pension Benefits Act (Ontario).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *"Auditors' Responsibilities for the Audit of the Financial Statements"* section of our auditors' report.

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the fund financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 1(a) in the fund financial statements, which describes the applicable financial reporting framework and the purpose of the financial statements. The fund financial statements are prepared to assist the Administrator of the Plan to meet the requirements of Section 76 of Regulations of the Pension Benefits Act (Ontario).

As a result, the fund financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the fund financial statements in accordance with the financial reporting provisions of Section 76 of Regulations of the Pension Benefits Act (Ontario), and for such internal control as management determines is necessary to enable the preparation of fund financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the fund financial statements, management is responsible for assessing the Plan's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the fund financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the fund financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the fund financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the fund financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the fund financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

November 12, 2020
Hamilton, Canada

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THE CONTRIBUTORY PENSION PLAN FOR SALARIED EMPLOYEES OF MCMASTER UNIVERSITY INCLUDING MCMASTER DIVINITY COLLEGE 2000

Statement of Net Assets Available for Benefits
(thousands of dollars)

June 30, 2020, with comparative information for 2019

	2020	2019
Assets		
Employer contributions receivable	$ 4,579	$ 4,949
Employee contributions receivable	2,079	2,118
Other receivable	-	176
Investment in Master Trust (note 2)	2,235,512	2,163,777
Total assets	2,242,170	2,171,020
Liabilities		
Fees payable and accrued liabilities	859	2,705
Net assets available for benefits	$ 2,241,311	$ 2,168,315

See accompanying notes to fund financial statements.

On behalf of the Administrator:

Roger Couldrey
Vice-President (Administration)
McMaster University

Deidre Henne
Assistant Vice-President (Administration) & CFO
McMaster University

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THE CONTRIBUTORY PENSION PLAN FOR SALARIED EMPLOYEES OF MCMASTER UNIVERSITY INCLUDING MCMASTER DIVINITY COLLEGE 2000

Statement of Changes in Net Assets Available for Benefits
(thousands of dollars)

June 30, 2020, with comparative information for 2019

	2020	2019
INCREASE IN NET ASSETS		
Investment income allocated by the Master Trust Fund (note 4):		
Investment income	$ 55,413	$ 50,800
Net realized gain on sale of investments	67,359	62,829
Net realized gain on sale of units in the Master Trust Fund	15,488	16,337
	138,260	129,966
Contributions:		
Employer current service	34,602	33,973
Employer past service	18,885	19,633
Employee required	27,743	27,546
Employee transfers from other plans	692	76
	81,922	81,228
	220,182	211,194
DECREASE IN NET ASSETS		
Change in net unrealized loss in investments	31,431	3,132
Payments to members:		
Pension benefits	81,292	77,067
Termination benefits	28,508	19,319
	109,800	96,386
Expenses:		
Investment managers	4,470	4,716
Professional	909	1,419
Administrative (note 5)	311	304
Trustee and custodial	180	186
Pension filing	67	49
Audit	18	18
	5,955	6,692
	147,186	106,210
Net increase in net assets available for benefits	72,996	104,984
Net assets available for benefits, beginning of year	2,168,315	2,063,331
Net assets available for benefits, end of year	$ 2,241,311	$ 2,168,315

See accompanying notes to fund financial statements.

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THE CONTRIBUTORY PENSION PLAN FOR SALARIED EMPLOYEES OF MCMASTER UNIVERSITY INCLUDING MCMASTER DIVINITY COLLEGE 2000

Notes to Fund Financial Statements
(in thousands of dollars)

Year ended June 30, 2020

The Contributory Pension Plan for Salaried Employees of McMaster University Including McMaster Divinity College 2000 (the "Plan") is a defined benefit registered pension plan in the Province of Ontario under registration number 1079920, the Administrator of which is McMaster University.

McMaster University operates the Master Trust Fund to facilitate the collective management of the investment assets for pension plans of McMaster University and Divinity College. These fund financial statements reflect the consolidation of net assets held by the Plan directly and its share of the net assets of the Master Trust Fund.

The Plan is operated in accordance with the Trust and Custodial Services Agreement dated July 1, 2000, between McMaster University (the "Administrator") and CIBC Mellon Trust Company (the "Trustee").

1. Significant accounting policies:

(a) Basis of presentation:

The Financial Services Regulatory Authority of Ontario ("FSRA") replaced The Financial Services Commission of Ontario ("FSCO") effective June 2019. As permitted by FSRA under Section 76 of the Regulations to the Pension Benefits Act (Ontario), the Plan has prepared fund financial statements in accordance with Canadian accounting standards for pension plans as outlined under CPA Canada Handbook Section 4600, excluding pension obligations and any resulting surplus or deficit.

In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, Section 4600 requires the Plan to comply (on a consistent basis) with either International Financial Reporting Standards (IFRS) - Part I of CPA Canada Handbook - Accounting or Canadian Accounting Standards for Private Enterprises - Part II of CPA Canada Handbook - Accounting. The Plan has chosen to comply on a consistent basis with IFRS.

These fund financial statements have been prepared to assist the Administrator of the Plan in meeting the requirements of the Financial Services Regulatory Authority of Ontario. As a result, these fund financial statements may not be suitable for another purpose.

These fund financial statements of the Plan do not purport to show the adequacy of the Plan's assets to meet its pension obligation. Such an assessment requires additional information, such as the Plan's actuarial reports and information about McMaster University including McMaster Divinity College 2000's financial health.

(b) Basis of measurement:

The fund financial statements have been prepared on the historical cost basis, except for investments and derivative financial instruments which are measured at fair value through the statement of changes in net assets available for benefits.

(c) Functional and presentation currency:

These fund financial statements are presented in Canadian dollars, which is the Plan's functional currency.

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1. Significant accounting policies (continued):

(d) Financial assets and financial liabilities:

(i) Non-derivative financial assets:

Financial assets are recognized initially on the trade date, which is the date that the Plan becomes a party to the contractual provisions of the instrument. Upon initial recognition, attributable transaction costs are recognized in the statement of changes in net assets available for benefits as incurred.

The Plan measures all of its investments at fair value through the statement of changes in net assets available for benefits.

All other non-derivative financial assets including contributions receivable are measured at amortized cost.

The Plan derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Plan neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset and consideration received is recognized in the statement of changes in net assets available for benefits as a net realized gain (loss) on sale of investments.

(ii) Non-derivative financial liabilities:

All financial liabilities are recognized initially on the trade date at which the Plan becomes a party to the contractual provisions of the instrument.

The Plan derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of net assets when, and only when, the Plan has a legal right to offset the amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Plan considers its fees payable and accrued liabilities to be a non-derivative financial liability.

(iii) Derivative financial instruments:

Derivative financial instruments are recognized initially at fair value and attributable transaction costs are recognized in the statement of changes in net assets available for benefits as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and all changes are recognized immediately in the statement of changes in net assets available for benefits.

(e) Fair value measurement:

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

In determining fair value, the Plan follows the guidance in IFRS 13, Fair Value Measurement ("IFRS 13") in Part I of the CPA Canada Handbook. As allowed under IFRS 13, if an asset or a liability measured at fair value has a bid and an ask price, the price within the bid-ask spread that is the most representative of fair value in the circumstances shall be used to measure fair value. The Plan uses closing market price as a practical expedient for fair value measurement.

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1. Significant accounting policies (continued):

(e) Fair value measurement (continued):

When available, the Plan measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Plan establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

All changes in fair value, other than interest and dividend income are recognized in the statement of changes in net assets available for benefits as part of the change in net unrealized gains.

Pooled funds are valued at the unit values supplied by the pooled fund administrator, which represent the Plan's proportionate share of underlying net assets at fair value using closing market prices.

Investments are stated at fair value. Fair values of investments including those held within the Master Trust are determined as follows:

i) Bonds and equities are valued at year-end quoted closing prices where available. Where quoted prices are not available, estimated fair values are calculated using comparable securities.

ii) Short-term notes, treasury bills and term deposits maturing within a year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.

iii) Pooled funds are valued at the unit values supplied by the pooled fund administrator, which represent the Plan's proportionate share of underlying net assets at fair values determined using closing market prices.

iv) Investments in derivative financial instruments, including futures, forwards and option contracts, are valued at year-end quoted market prices where available. Where quoted prices are not available, values are determined using pricing models, which take into account current market and contractual prices of the underlying instruments, as well as time value and yield curve or volatility factors underlying the positions.

Unrealized gains and losses on derivative financial instruments, net of premiums paid or received on options contracts, are included in derivative contracts investments.

Investment transactions are accounted for on the trade date.

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1. Significant accounting policies (continued):

(f) Investment income:

Investment income, which is recorded on the accrual basis, includes interest income, dividends and pooled fund distributions.

(g) Change in net unrealized gain in investments:

The change in net unrealized gain or loss in investments is the change in the difference between the fair value and cost of investments from the beginning to the end of the year.

(h) Foreign currency:

Transactions in foreign currencies are translated into Canadian dollars at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into Canadian dollars at the exchange rate at the reporting date. The fair values of foreign currency denominated investments are translated into Canadian dollars at the reporting date rates of exchange. Gains and losses arising from transactions are included in investment income within the statement of changes in net assets available for benefits.

(i) Net realized gain or loss on sales of investments:

The net realized gain on sale of investments represents the difference between proceeds received and the average cost of investments sold.

The net realized gain or loss on sale of units in the Master Trust Fund represents the difference between the proceeds received and the average cost of the units sold.

(j) Income taxes:

The Plan is a Registered Pension Trust as defined by the Income Tax Act (Canada) and, accordingly, is not subject to income taxes.

(k) Use of estimates:

The preparation of the fund financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the statement of net assets and the reported amounts of changes in net assets available for benefits during the year. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

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THE CONTRIBUTORY PENSION PLAN FOR SALARIED EMPLOYEES OF MCMASTER UNIVERSITY INCLUDING MCMASTER DIVINITY COLLEGE 2000

Notes to Fund Financial Statements
(in thousands of dollars)

Year ended June 30, 2020

2. Investment in Master Trust:

Details of the Master Trust Fund investments are as follows:

	2020 Cost	2020 Fair Value	2019 Cost	2019 Fair value
Canadian short-term notes and treasury bills	$ 12,280	$ 12,280	$ 8,986	$ 8,986
Foreign short-term notes and treasury bills	681	680	1,955	1,934
Canadian common and preferred equities	146,321	199,527	146,283	221,740
Foreign common and preferred equities	37,605	57,851	48,666	80,473
Canadian bonds and debentures	-	-	150,013	154,811
Canadian fixed income pool funds	716,896	803,272	553,814	599,494
Canadian real estate pooled fund investments	22,066	23,355	21,517	22,920
Global infrastructure	67,500	68,067	-	-
Canadian equity pool fund investments	224,843	198,447	214,110	205,531
Foreign equity pool fund investments	547,912	869,392	562,991	859,316
Net foreign exchange contracts receivable	-	6,317	-	10,113
	1,776,104	2,239,188	1,708,335	2,165,318
Cash	6,674	6,674	8,313	8,313
Receivables	13,750	13,750	10,791	10,791
Accrued investment income	389	389	1,414	1,412
Accounts payable	(20,000)	(20,000)	(17,695)	(17,695)
	$ 1,776,917	$ 2,240,001	$ 1,711,158	$ 2,168,139

This allocation of the investment in the Master Trust Fund to the respective pension plans is as follows:

	2020 Units	2020 Fair Value	2019 Units	2019 Fair value
The Contributory Pension Plan for Salaried Employees of McMaster University including McMaster Divinity College 2000	6,652,555	$ 2,235,512	6,739,058	$ 2,163,777
The Contributory Pension Plan for Salaried Employees of McMaster University including McMaster Divinity College	13,358	4,489	13,586	4,362
		$ 2,240,001		$ 2,168,139

The cost of the units held in Master Trust Fund by the Plan at June 30, 2020 was $1,872,755 (2019 $1,769,730).

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3. Statutory disclosures:

The following information is provided in respect of individual investments in the Master Trust Fund with a fair value in excess of 1% of the Master Trust Fund as at June 30, 2020 as required by the Pension Benefits Act (Ontario).

(a) Pooled fund investments:

Fund name	Fund operator	Nature of investments held	Fair value
BlackRock Long Bond Index Class A	BlackRock	Canadian bonds and debentures	$ 595,680
BlackRock Russell 1000 Alpha Tilts Fund B	BlackRock	U.S. equities	326,407
NCS Canadian Institutional Trusts	Walter Scott	Non-North American equities	210,170
BlackRock Universe Bond Index Class A	BlackRock	Canadian bonds and debentures	207,592
WWISE Canadian Fundamental Equity	WWISE	Canadian equities	180,399
GMO International Opportunities Equity Allocation Fund	GMO	Non-North American equities	150,239
T Rowe Price U.S. Large Cap Core Corp Growth Equity	T Rowe Price	U.S. equities	113,363
Templeton International Equity Trust	Franklin Templeton	Non-North American equities	75,748
IFM Global Infrastructure L.P Class A Interests	IFM (Canada)	Global infrastructures	68,067
BentallGreenOak Prime Canadian Property Fund	Bentall GreenOak	Canadian real estate	23,516

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4. Investment income:

Details of the investment income earned by the Master Trust Fund are as follows:

	2020	2019
Short-term notes and treasury bills	$ 131	$ 217
Canadian common and preferred equities	4,141	12,816
Foreign common and preferred equities	16,793	14,829
Bonds and debentures	5,978	6,231
Pooled fund investments	89,429	107,346
Foreign exchange losses including derivatives	(15,527)	(17,866)
	$ 100,945	$ 123,573

The allocation of the investment income to the respective pension plans is as follows:

	2020	2019
The Contributory Pension Plan for Salaried Employees of McMaster University including McMaster Divinity College 2000	$ 138,260	$ 129,966
The Contributory Pension Plan for Salaried Employees of McMaster University including McMaster Divinity College	273	268
	$ 138,533	$ 130,234
Timing difference between the realization of investment income in the Master Trust Fund and its allocation to the participating Pension Trust Funds	(37,588)	(6,661)
	$ 100,945	$ 123,573

5. Related party transactions:

McMaster University provides certain administrative services to the Plan which is recorded at the amount agreed to by the parties. The cost for these services for the year ended June 30, 2020 was approximately $311 (2019 - $304), and is included in administrative expenses in the statement of changes in net assets available for benefits.

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6. Financial instruments:

The investment objectives of the Plan are to efficiently fund the benefits of the participating plan members. As part of the risk management process, the Administrator has established a diversification policy, set rate of return objectives and developed specific investment guidelines.

(a) Fair value:

The fair value of investments is disclosed in note 2. The fair value of the Plan's other financial assets and liabilities, being contributions receivable and fees payable and accrued liabilities, approximate their carrying values due to the short-term nature of these financial instruments.

Fair value measurements recognized in the statement of net assets available for benefits are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values.

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - inputs for assets and liabilities that are not based on observable market data.

The Plan's investment in Master Trust is classified as Level 2. The following table presents the classification of the investments held within the Master Trust as at June 30, 2020, using the fair value hierarchy:

2020	Level 1	Level 2	Level 3	Total
Canadian short-term notes and treasury bills	$ -	$ 12,280	$ -	$ 12,280
Foreign short-term notes and treasury bills	-	680	-	680
Canadian common and preferred equities	199,527	-	-	199,527
Foreign common and preferred equities	57,851	-	-	57,851
Canadian fixed income pool funds	-	803,272	-	803,272
Canadian real estate pooled fund investments	-	23,355	-	23,355
Global Infrastructure	-	68,067	-	68,067
Canadian equity pool fund investments	-	198,447	-	198,447
Foreign equity pool fund investments	-	869,392	-	869,392
Net foreign exchange contracts receivable	-	6,317	-	6,317
	$ 257,378	$ 1,981,810	$ -	$ 2,239,188

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6. Financial instruments (continued):

(a) Fair value (continued):

2019	Level 1	Level 2	Level 3	Total
Canadian short-term notes and treasury bills	$ -	$ 8,986	$ -	$ 8,986
Foreign short-term notes and treasury bills	-	1,934	-	1,934
Canadian common and preferred equities	221,740	-	-	221,740
Foreign common and preferred equities	80,473	-	-	80,473
Canadian bonds and debentures	-	154,811	-	154,811
Canadian fixed income pool funds	-	599,494	-	599,494
Canadian real estate pooled fund investments	-	22,920	-	22,920
Canadian equity pool fund investments	-	205,531	-	205,531
Foreign equity pool fund investments	-	859,316	-	859,316
Net foreign exchange contracts receivable	-	10,113	-	10,113
	$ 302,213	$ 1,863,105	$ -	$ 2,165,318

(b) Associated risks:

(i) Market price risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual investment, its issuer or all other factors affecting all instruments traded in the market. As all of the Plan's financial instruments are carried at fair value with fair value changes recognized in the statement of changes in net assets available for benefits, all changes in market conditions will directly affect the net increase (decrease) in net assets available for benefits. Market price risk is managed by the Administrator through construction of a diversified portfolio of instruments traded on various markets and across various industries.

As at June 30, 2020, had the unit prices of equity benchmarks increased or decreased by 10% and assuming there is a perfect positive correlation between the Plan's equity and pooled fund securities with all other variables held constant, the value of the Plan's total equities would have increased or decreased by approximately $141.7 million or 6.3% of total net assets available for benefits (2019 - $139.0 million or 6.4%). The unit price of the Plan's equity and pooled fund securities are affected by changes in market values, foreign exchange rates and interest rates impacting the underlying equity and debt instruments held within the Plan.

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6. Financial instruments (continued):

(b) Associated risks (continued):

(ii) Interest rate risk:

Interest rate risk is the risk that the market value of the Plan's investments will fluctuate due to changes in market interest rates. The Plan is exposed to the risk that the fair value or future cash flows of an investment will fluctuate because of changes in the market interest rates. The Plan mitigates this risk by diversifying the maturity schedule of its fixed income securities.

As at June 30, 2020, had the prevailing interest rates increased or decreased by 1%, with all other variables held constant, the value of the debt securities component of the Plan would have increased or decreased, respectively, by approximately $159.7 million or 7.1% of total net assets available for benefits (2019 - $126.2 million or 5.8%).

(iii) Liquidity risk:

Liquidity risk is the risk that the Plan may be unable to meet pension payment obligations in a timely manner and at a reasonable cost. Management of liquidity seeks to ensure that even under adverse conditions, the Plan has access to immediate cash that is necessary to cover benefits payable, withdrawals and other liabilities. The Statement of Investment Policies and Procedures requires the Plan's investments to be highly liquid, so they can be converted into cash on short notice. The Plan's exposure to liquidity risk is considered negligible.

The accrued expenses of the Plan are all due within 90 days or less.

The following table summarizes the contractual maturities of all fixed income securities as at June 30th 2020 by the earlier of contractual repricing or maturity dates:

	2020		2019	
Maturity range	Fair value	Percentage of fixed income	Fair value	Percentage of fixed income
0 to 5 years	$ 85,483	10.6%	$ 136,594	18.1%
5 to 10 years	55,030	6.9%	111,308	14.7%
Over 10 years	662,759	82.5%	508,300	67.2%
	$ 803,272	100.0%	$ 756,202	100.0%

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6. Financial instruments (continued):

(b) Associated risks (continued):

(iv) Foreign currency risk:

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Plan invests in financial instruments denominated in various foreign currencies, other than its measurement currency. Consequently, the Plan is exposed to risks that the exchange of the various currencies may change in a manner that has an adverse effect on the value of the portion of the Plan's assets denominated in currencies other than the Canadian dollar. As at June 30, 2020 and June 30, 2019, the Plan held currency contracts which mitigated its exposure to currency risk. The Plan's overall currency positions and exposures are monitored on a regular basis by the Administrator.

The Plan's currency exposure of its investments as at June 30 is as follows:

	2020		2019	
	Canadian dollar equivalent	Percentage of total	Canadian dollar equivalent	Percentage of total
US dollar	$ 508,682	22.7%	$ 485,823	22.4%
Euro	130,069	5.8%	146,112	6.7%
Japanese Yen	105,220	4.7%	93,517	4.3%
Other	92,477	4.1%	92,068	4.2%
Pound Sterling	48,682	2.2%	71,092	3.3%
Swiss Franc	29,613	1.3%	36,222	1.7%
Hong Kong dollar	22,052	1.0%	22,884	1.1%
	$ 936,795	41.8%	$ 947,718	43.7%

As at June 30, 2020, if the Canadian dollar strengthened or weakened by 5% in each respective foreign currency, with all other factors remaining constant, the following table summarizes the estimated impacts:

	2020		2019	
	Net exposure	Estimated impact	Net exposure	Estimated impact
US dollar	$ 508,682	$ 25,434	$ 485,823	$ 24,291
Euro	130,069	6,503	146,112	7,306
Japanese Yen	105,220	5,261	93,517	4,676
Other	92,477	4,624	92,068	4,603
Pound Sterling	48,682	2,434	71,092	3,555
Swiss Franc	29,613	1,481	36,222	1,811
Hong Kong dollar	22,052	1,103	22,884	1,144
	$ 936,795	$ 46,840	$ 947,718	$ 47,386

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6. Financial instruments (continued):

(b) Associated risks (continued):

(v) Credit risk:

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Plan. Credit risk is generally higher when a non-exchange traded financial instrument is involved because the counterparty for non-exchange traded financial instruments is not backed by an exchange clearing house. The Plan policy does not permit investments in below investment grade securities. The credit risk is minimized by dealing with borrowers considered to be of high quality and by monitoring their credit risk. The Plan records all investments at fair value and therefore the values reflected in the statement of net assets available for benefits represent the maximum credit exposure to the Plan.

The following is a summary of the June 30, 2020 weighted average of funds invested, and the respective allocation targets:

		Policy Asset Mix %		
	Asset Mix %	Minimum	Benchmark	Maximum
Canadian equities	18.0	16.0	20.0	24.0
U.S. equities	22.2	17.0	20.0	27.0
International equities	19.7	12.0	15.0	24.0
Real assets[1]	4.0	5.0	10.0	15.0
Total equities and real assets	63.9		65.0	
Fixed income	35.9	20.0	35.0	50.0
Cash and short term investments	0.2	-	-	10.0
Total fixed income	36.1		35.0	
Total	100.0		100.0	

[1] Real assets includes real estate and infrastructure investments. The minimum target for Real assets is expected to be achieved once signed commitments have been funded in the next 12 - 24 months.

The Total Fund Benchmark Portfolio and Asset Mix guidelines states that a minimum of 50% to a maximum of 80% of the total fund's assets by market value can be invested in equities and real assets. The Total Fund Benchmark Portfolio and Asset Mix Policy also states a minimum of 20% to a maximum of 50% of the total fund's assets can be invested in fixed income which includes cash and short term investments.

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6. Financial instruments (continued):

(b) Associated risks (continued):

(v) Credit risk (continued):

The following is a summary of the Plan's investments in interest-bearing financial instruments and the Plan's exposure to credit risk as at June 30, 2020:

	2020		2019	
Credit rating	Fair value	Percentage of portfolio	Fair value	Percentage of portfolio
AAA	$ 206,105	25.7	$ 240,749	31.8
AA	370,684	46.1	319,225	42.3
A	144,435	18.0	131,876	17.4
BBB	82,048	10.2	64,352	8.5
	$ 803,272	100.0	$ 756,202	100.0

(c) Interest-bearing investments:

The following information is provided in respect of interest-bearing investments in the Master Trust Fund:

	2020		2019	
	Investment total	Average effective yield	Investment total	Average effective yield
Short-term notes and treasury bills	$ 12,960	0.4%	$ 10,920	1.2%
Canadian bonds and debentures	$ -	-	$ 154,811	2.2%

The average effective yield is the rate at which the future cash flows of the instrument must be discounted to arrive at the fair value of the instrument.

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7. Capital risk management:

The capital of the Plan is represented by the net assets available for benefits. The main objective of the defined benefit Plan is to ensure the security of the promised pension benefits under the Plan. The Plan fulfils its primary objective by adhering to specific investment policies outlined in its Statement of Investment Policies and Procedures (the "SIP&P"), which is reviewed annually by the Pension Committee. The Plan manages net assets available for benefits by engaging knowledgeable investment managers who are charged with the responsibility of investing existing funds and new funds (contributions) in accordance with the approved SIP&P. For the year ended June 30, 2020 the Plan followed the most recently effective SIP&P which was amended effective October 24, 2019. The latest amendment to the SIP&P included updates to align with industry practice and to reflect regulatory requirements, as well as updates to eligible investments, manager mandates, and investment mix.

The Plan's investment managers and other consultants as at June 30, 2020 are as follows:

Services	**Managers and Consultants**
Investment Consultant	Aon Hewitt Associates
Investment Managers	BentallGreenOak (Canada) Limited Partnership BlackRock Asset Management Canada Limited BlackRock Institutional Trust Company, N.A. Jarislowsky Fraser & Company Limited Grantham, Mayo, van Otterloo & Company Franklin Templeton Investment Corp T.Rowe Price (Canada), Inc. State Street Global Advisors Limited Walter Scott & Partners Limited IFM Investors (US) LLC
Actuary	Mercer Human Resources Consulting Ltd.
Custodian/Trustee	CIBC Mellon Trust Company

Although there are no regulatory requirements relating to the level of net assets available for benefits, the funding to be maintained by the defined benefit Plan is determined through triennial actuarial valuations. No contributions remain past due as of June 30, 2020. The Pension Plan investments fell within the asset mix target ranges for the Plan as at June 30, 2020.

The Plan is required to file fund financial statements with FSRA annually.

8. COVID-19:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization, which has resulted in governments worldwide, inluding the Canadian and provincial governments, enacting emergency measures to combat the spread of the virus. These measures which include the implementation of travel bans, self-imposed quarantine periods and social distancing have caused material disruption to businesses globally and in Canada, resulting in an economic slowdown. The potential impact to the Plan is primarily related to the investment portfolio and investment income due to the effect that the pandemic has had on global markets. As a result of the pandemic, the investment portfolio is being closely monitored to manage the impact of global market volatility. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Plan is not known at this time.

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Fund Financial Statements of

THE CONTRIBUTORY PENSION PLAN FOR SALARIED EMPLOYEES OF McMASTER UNIVERSITY INCLUDING McMASTER DIVINITY COLLEGE

And Independent Auditors' Report thereon

Year ended June 30, 2020

Registration Number 0215400

Draft

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INDEPENDENT AUDITORS' REPORT

To the Administrator of The Contributory Pension Plan for Salaried Employees of McMaster University including McMaster Divinity College

Opinion

We have audited the accompanying fund financial statements of The Contributory Pension Plan for Salaried Employees of McMaster University including McMaster Divinity College (the "Plan"), which comprise:

- the statement of net assets available for benefits as at June 30, 2020
- the statement of changes in net assets available for benefits for the year then ended
- and notes to the fund financial statements, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "fund financial statements").

In our opinion, the accompanying fund financial statements, present fairly, in all material respects, the net assets available for benefits of the Plan as at June 30, 2020, and its changes in net assets available for benefits for the year then ended in accordance with the financial reporting provisions of Section 76 of Regulations of the Pension Benefits Act (Ontario).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *"Auditors' Responsibilities for the Audit of the Financial Statements"* section of our auditors' report.

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the fund financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 1(a) in the fund financial statements, which describes the applicable financial reporting framework and the purpose of the financial statements. The fund financial statements are prepared to assist the Administrator of the Plan to meet the requirements of Section 76 of Regulations of the Pension Benefits Act (Ontario).

As a result, the fund financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the fund financial statements in accordance with the financial reporting provisions of Section 76 of Regulations of the Pension Benefits Act (Ontario), and for such internal control as management determines is necessary to enable the preparation of fund financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the fund financial statements, management is responsible for assessing the Plan's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the fund financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the fund financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the fund financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the fund financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the fund financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

November 12, 2020
Hamilton, Canada

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THE CONTRIBUTORY PENSION PLAN FOR SALARIED EMPLOYEES OF MCMASTER UNIVERSITY INCLUDING MCMASTER DIVINITY COLLEGE

Statement of Net Assets Available for Benefits
(in thousands of dollars)

June 30, 2020, with comparative information for 2019

	2020	2019
Assets		
Employer contributions receivable	$ 9	$ 6
Employee contributions receivable	2	2
Investment in Master Trust (note 2)	4,489	4,362
Total assets	4,500	4,370
Liabilities		
Fees payable and accrued liabilities	10	44
Net assets available for benefits	$ 4,490	$ 4,326

See accompanying notes to fund financial statements.

On behalf of the Administrator:

Roger Couldrey
Vice-President (Administration)
McMaster University

Deidre Henne
Assistant Vice-President (Administration) & CFO
McMaster University

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THE CONTRIBUTORY PENSION PLAN FOR SALARIED EMPLOYEES OF MCMASTER UNIVERSITY INCLUDING MCMASTER DIVINITY COLLEGE

Statement of Changes in Net Assets Available for Benefits
(in thousands of dollars)

June 30, 2020, with comparative information for 2019

	2020	2019
INCREASE IN NET ASSETS		
Investment income allocated by the Master Trust Fund (note 4):		
Investment income	$ 113	$ 102
Net realized gain on sale of investments	137	127
Net realized gain on sale of units in the Master Trust Fund	23	39
	273	268
Contributions:		
Employer current service	111	92
Employer past service	-	35
Employee required	31	33
	142	160
	415	428
DECREASE IN NET ASSETS		
Change in net unrealized loss in investments	55	27
Payments to members:		
Pension benefits	141	3
Termination benefits	-	7
	141	10
Expenses:		
Professional	33	104
Investment managers	8	9
Audit	8	8
Trustee and custodial	4	3
Pension filing	1	-
Administrative (note 5)	1	1
	55	125
	251	162
Net increase in net assets available for benefits	164	266
Net assets available for benefits, beginning of year	4,326	4,060
Net assets available for benefits, end of year	$ 4,490	$ 4,326

See accompanying notes to fund financial statements.

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THE CONTRIBUTORY PENSION PLAN FOR SALARIED EMPLOYEES OF MCMASTER UNIVERSITY INCLUDING MCMASTER DIVINITY COLLEGE

Notes to Fund Financial Statements
(in thousands of dollars)

Year ended June 30, 2020

The Contributory Pension Plan for Salaried Employees of McMaster University Including McMaster Divinity College (the "Plan") is a defined benefit registered pension plan in the Province of Ontario under registration number 0215400, the Administrator of which is McMaster University.

McMaster University operates the Master Trust Fund to facilitate the collective management of the investment assets for pension plans of McMaster University and Divinity College. These fund financial statements reflect the consolidation of net assets held by the Plan directly and its share of the net assets of the Master Trust Fund.

The Plan is operated in accordance with the Trust and Custodial Services Agreement dated July 1, 2000, between McMaster University (the "Administrator") and CIBC Mellon Trust Company (the "Trustee").

1. Significant accounting policies:

(a) Basis of presentation:

The Financial Services Regulatory Authority of Ontario ("FSRA") replaced The Financial Services Commission of Ontario ("FSCO") effective June 2019. As permitted by FSRA under Section 76 of the Regulations to the Pension Benefits Act (Ontario), the Plan has prepared fund financial statements in accordance with Canadian accounting standards for pension plans as outlined under CPA Canada Handbook Section 4600, excluding pension obligations and any resulting surplus or deficit.

In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, Section 4600 requires the Plan to comply (on a consistent basis) with either International Financial Reporting Standards (IFRS) - Part I of CPA Canada Handbook - Accounting or Canadian Accounting Standards for Private Enterprises - Part II of CPA Canada Handbook - Accounting. The plan has chosen to comply on a consistent basis with IFRS.

These fund financial statements have been prepared to assist the Administrator of the Plan in meeting the requirements of the Financial Services Regulatory Authority of Ontario. As a result, these fund financial statements may not be suitable for another purpose.

These fund financial statements of the Plan do not purport to show the adequacy of the Plan's assets to meet its pension obligation. Such an assessment requires additional information, such as the Plan's actuarial reports and information about McMaster University including McMaster Divinity College's financial health.

(b) Basis of measurement:

The fund financial statements have been prepared on the historical cost basis, except for investments and derivative financial instruments which are measured at fair value through the statement of changes in net assets available for benefits.

(c) Functional and presentation currency:

These fund financial statements are presented in Canadian dollars, which is the Plan's functional currency.

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1. Significant accounting policies (continued):

(d) Financial assets and financial liabilities:

(i) Non-derivative financial assets:

Financial assets are recognized initially on the trade date, which is the date that the Plan becomes a party to the contractual provisions of the instrument. Upon initial recognition, attributable transaction costs are recognized in the statement of changes in net assets available for benefits as incurred.

The Plan measures all of its investments at fair value through the statement of changes in net assets available for benefits.

All other non-derivative financial assets including contributions receivable are measured at amortized cost.

The Plan derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Plan neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset and consideration received is recognized in the statement of changes in net assets available for benefits as a net realized gain (loss) on sale of investments.

(ii) Non-derivative financial liabilities:

All financial liabilities are recognized initially on the trade date at which the Plan becomes a party to the contractual provisions of the instrument.

The Plan derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of net assets when, and only when, the Plan has a legal right to offset the amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Plan considers its fees payable and accrued liabilities to be a non-derivative financial liability.

(iii) Derivative financial instruments:

Derivative financial instruments are recognized initially at fair value and attributable transaction costs are recognized in the statement of changes in net assets available for benefits as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and all changes are recognized immediately in the statement of changes in net assets available for benefits.

(e) Fair value measurement:

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

In determining fair value, the Plan follows the guidance in IFRS 13, Fair Value Measurement ("IFRS 13") in Part I of the CPA Canada Handbook. As allowed under IFRS 13, if an asset or a liability measured at fair value has a bid and an ask price, the price within the bid-ask spread that is the most representative of fair value in the circumstances shall be used to measure fair value. The Plan uses closing market price as a practical expedient for fair value measurement.

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1. Significant accounting policies (continued):

(e) Fair value measurement (continued):

When available, the Plan measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Plan establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

All changes in fair value, other than interest and dividend income are recognized in the statement of changes in net assets available for benefits as part of the change in net unrealized gains.

Pooled funds are valued at the unit values supplied by the pooled fund administrator, which represent the Plan's proportionate share of underlying net assets at fair value using closing market prices.

Investments are stated at fair value. Fair values of investments including those held within the Master Trust are determined as follows:

i) Bonds and equities are valued at year-end quoted closing prices where available. Where quoted prices are not available, estimated fair values are calculated using comparable securities.

ii) Short-term notes, treasury bills and term deposits maturing within a year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.

iii) Pooled funds are valued at the unit values supplied by the pooled fund administrator, which represent the Plan's proportionate share of underlying net assets at fair values determined using closing market prices.

iv) Investments in derivative financial instruments, including futures, forwards and option contracts, are valued at year-end quoted market prices where available. Where quoted prices are not available, values are determined using pricing models, which take into account current market and contractual prices of the underlying instruments, as well as time value and yield curve or volatility factors underlying the positions.

Unrealized gains and losses on derivative financial instruments, net of premiums paid or received on options contracts, are included in derivative contracts investments.

Investment transactions are accounted for on the trade date.

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1. Significant accounting policies (continued):

(f) Investment income:

Investment income, which is recorded on the accrual basis, includes interest income, dividends and pooled fund distributions.

(g) Change in net unrealized gain in investments:

The change in net unrealized gain or loss in investments is the change in the difference between the fair value and cost of investments from the beginning to the end of the year.

(h) Foreign currency:

Transactions in foreign currencies are translated into Canadian dollars at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into Canadian dollars at the exchange rate at the reporting date. The fair values of foreign currency denominated investments are translated into Canadian dollars at the reporting date rates of exchange. Gains and losses arising from transactions are included in investment income within the statement of changes in net assets available for benefits.

(i) Net realized gain or loss on sales of investments:

The net realized gain on sale of investments represents the difference between proceeds received and the average cost of investments sold.

The net realized gain or loss on sale of units in the Master Trust Fund represents the difference between the proceeds received and the average cost of the units sold.

(j) Income taxes:

The Plan is a Registered Pension Trust as defined by the Income Tax Act (Canada) and, accordingly, is not subject to income taxes.

(k) Use of estimates:

The preparation of the fund financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the statement of net assets and the reported amounts of changes in net assets available for benefits during the year. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Draft

THE CONTRIBUTORY PENSION PLAN FOR SALARIED EMPLOYEES OF MCMASTER UNIVERSITY INCLUDING MCMASTER DIVINITY COLLEGE

Notes to Fund Financial Statements
(in thousands of dollars)

Year ended June 30, 2020

2. Investment in Master Trust:

Details of the Master Trust Fund investments are as follows:

	2020 Cost	2020 Fair Value	2019 Cost	2019 Fair value
Canadian short-term notes and treasury bills	$ 12,280	$ 12,280	$ 8,986	$ 8,986
Foreign short-term notes and treasury bills	681	680	1,955	1,934
Canadian common and preferred equities	146,321	199,527	146,283	221,740
Foreign common and preferred equities	37,605	57,851	48,666	80,473
Canadian bonds and debentures	-	-	150,013	154,811
Canadian fixed income pool funds	716,896	803,272	553,814	599,494
Canadian real estate pooled fund investments	22,066	23,355	21,517	22,920
Global infrastructure	67,500	68,067	-	-
Canadian equity pool fund investments	224,843	198,447	214,110	205,531
Foreign equity pool fund investments	547,912	869,392	562,991	859,316
Net foreign exchange contracts receivable	-	6,317	-	10,113
	1,776,104	2,239,188	1,708,335	2,165,318
Cash	6,674	6,674	8,313	8,313
Receivables	13,750	13,750	10,791	10,791
Accrued investment income	389	389	1,414	1,412
Accounts payable	(20,000)	(20,000)	(17,695)	(17,695)
	$ 1,776,917	$ 2,240,001	$ 1,711,158	$ 2,168,139

This allocation of the investment in the Master Trust Fund to the respective pension plans is as follows:

	2020 Units	2020 Fair Value	2019 Units	2019 Fair value
The Contributory Pension Plan for Salaried Employees of McMaster University including McMaster Divinity College 2000	6,652,555	$ 2,235,512	6,739,058	$ 2,163,777
The Contributory Pension Plan for Salaried Employees of McMaster University including McMaster Divinity College	13,358	4,489	13,586	4,362
		$ 2,240,001		$ 2,168,139

The cost of the units held in Master Trust Fund by the Plan at June 30, 2020 was $3,935 (2019 - $3,611).

Draft

3. Statutory disclosures:

The following information is provided in respect of individual investments in the Master Trust Fund with a fair value in excess of 1% of the Master Trust Fund as at June 30, 2020 as required by the Pension Benefits Act (Ontario).

(a) Pooled fund investments:

Fund name	Fund operator	Nature of investments held	Fair value
BlackRock Long Bond Index Class A	BlackRock	Canadian bonds and debentures	$ 595,680
BlackRockRussell 1000 Alpha Tilts Fund B	BlackRock	U.S. equities	326,407
NCS Canadian Institutional Trusts	Walter Scott	Non-North American equities	210,170
Black Rock Universe Bond Index Class A	BlackRock	Canadian bonds and debentures	207,592
WWISE Canadian Fundamental Equity	WWISE	Canadian equities	180,399
GMO International Opportunities Equity Allocation Fund	GMO	Non-North American equities	150,239
T Rowe Price US Large Cap Core Corp Growth Equity	T Rowe Price	U.S. equities	113,363
Templeton International Equity Trust	Franklin Templeton	Non-North American equities	75,748
IFM Global Infrastructure L.P. Class A Interests	IFM (Canada)	Global infrastructure	68,067
BentallGreenOak Prime Canadian Property Fund	Bentall GreenOak	Canadian real estate	23,516

Draft

4. Investment income:

Details of the investment income earned by the Master Trust Fund are as follows:

	2020	2019
Short-term notes and treasury bills	$ 131	$ 217
Canadian common and preferred equities	4,141	12,816
Foreign common and preferred equities	16,793	14,829
Bonds and debentures	5,978	6,231
Pooled fund investments	89,429	107,346
Foreign exchange losses including derivatives	(15,527)	(17,866)
	$ 100,945	$ 123,573

The allocation of the investment income to the respective pension plans is as follows:

	2020	2019
The Contributory Pension Plan for Salaried Employees of McMaster University including McMaster Divinity College 2000	$ 138,260	$ 129,966
The Contributory Pension Plan for Salaried Employees of McMaster University including McMaster Divinity College	273	268
	$ 138,533	$ 130,234
Timing difference between the realization of investment income in the Master Trust Fund and its allocation to the participating Pension Trust Funds	(37,588)	(6,661)
	$ 100,945	$ 123,573

5. Related party transactions:

McMaster University provides certain administrative services to the Plan which is recorded at the amount agreed to by the parties. The cost for these services for the year ended June 30, 2020 was $1 (2019 - $1), and is included in administrative expenses in the statement of changes in net assets available for benefits.

Draft

6. Financial instruments:

The investment objectives of the Plan are to efficiently fund the benefits of the participating plan members. As part of the risk management process, the Administrator has established a diversification policy, set rate of return objectives and developed specific investment guidelines.

(a) Fair value:

The fair value of investments is disclosed in note 2. The fair value of the Plan's other financial assets and liabilities, being contributions receivable and fees payable and accrued liabilities, approximate their carrying values due to the short-term nature of these financial instruments.

Fair value measurements recognized in the statement of net assets available for benefits are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values.

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - inputs for assets and liabilities that are not based on observable market data.

The Plan's investment in Master Trust is classified as Level 2. The following table presents the classification of the investments held within the Master Trust as at June 30, 2020, using the fair value hierarchy:

2020	Level 1	Level 2	Level 3	Total
Canadian short-term notes and treasury bills	$ -	$ 12,280	$ -	$ 12,280
Foreign short-term notes and treasury bills	-	680	-	680
Canadian common and preferred equities	199,527	-	-	199,527
Foreign common and preferred equities	57,851	-	-	57,851
Canadian fixed income pool funds	-	803,272	-	803,272
Canadian real estate pooled fund investments	-	23,355	-	23,355
Global infrastructure	-	68,067	-	68,067
Canadian equity pool fund investments	-	198,447	-	198,447
Foreign equity pool fund investments	-	869,392	-	869,392
Net foreign exchange contracts receivable	-	6,317	-	6,317
	$ 257,378	$ 1,981,810	$ -	$ 2,239,188

Draft

6. Financial instruments (continued):

(a) Fair value (continued):

2019	Level 1	Level 2	Level 3	Total
Canadian short-term notes and treasury bills	$ -	$ 8,986	$ -	$ 8,986
Foreign short-term notes and treasury bills	-	1,934	-	1,934
Canadian common and preferred equities	221,740	-	-	221,740
Foreign common and preferred equities	80,473	-	-	80,473
Canadian bonds and debentures	-	154,811	-	154,811
Canadian fixed income pool funds	-	599,494	-	599,494
Canadian real estate pooled fund investments	-	22,920	-	22,920
Canadian equity pool fund investments	-	205,531	-	205,531
Foreign equity pool fund investments	-	859,316	-	859,316
Net foreign exchange contracts receivable	-	10,113	-	10,113
	$ 302,213	$ 1,863,105	$ -	$ 2,165,318

(b) Associated risks:

(i) Market price risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual investment, its issuer or all other factors affecting all instruments traded in the market. As all of the Plan's financial instruments are carried at fair value with fair value changes recognized in the statement of changes in net assets available for benefits, all changes in market conditions will directly affect the net increase (decrease) in net assets available for benefits. Market price risk is managed by the Administrator through construction of a diversified portfolio of instruments traded on various markets and across various industries.

As at June 30, 2020, had the unit prices of equity benchmarks increased or decreased by 10% and assuming there is a perfect positive correlation between the Plan's equity and pooled fund securities with all other variables held constant, the value of the Plan's total equities would have increased or decreased by approximately $283 or 6.3% of total net assets available for benefits (2019 - $278 or 6.4%). The unit price of the Plan's equity and pooled fund securities are affected by changes in market values, foreign exchange rates and interest rates impacting the underlying equity and debt instruments held within the Plan.

Draft

6. Financial instruments (continued):

(b) Associated risks (continued):

(ii) Interest rate risk:

Interest rate risk is the risk that the market value of the Plan's investments will fluctuate due to changes in market interest rates. The Plan is exposed to the risk that the fair value or future cash flows of an investment will fluctuate because of changes in the market interest rates. The Plan mitigates this risk by diversifying the maturity schedule of its fixed income securities.

As at June 30, 2020, had the prevailing interest rates increased or decreased by 1%, with all other variables held constant, the value of the debt securities component of the Plan would have increased or decreased, respectively, by approximately $319 or 7.2% of total net assets available for benefits (2019 - $259 or 6.0%).

(iii) Liquidity risk:

Liquidity risk is the risk that the Plan may be unable to meet pension payment obligations in a timely manner and at a reasonable cost. Management of liquidity seeks to ensure that even under adverse conditions, the Plan has access to immediate cash that is necessary to cover benefits payable, withdrawals and other liabilities. The Statement of Investment Policies and Procedures requires the Plan's investments to be highly liquid so they can be converted into cash on short notice. The Plan's exposure to liquidity risk is considered negligible.

The accrued expenses of the Plan are all due within 90 days or less.

The following table summarizes the contractual maturities of all fixed income securities as at June 30th by the earlier of contractual repricing or maturity dates:

	2020		2019	
Maturity range	Fair value	Percentage of fixed income	Fair value	Percentage of fixed income
0 to 5 years	$ 171	10.6%	$ 272	18.1%
5 to 10 years	110	6.9%	223	14.7%
Over 10 years	1,326	82.5%	1,017	67.2%
	$ 1,607	100.0%	$ 1,512	100.0%

Draft

6. Financial instruments (continued):

(b) Associated risks (continued):

(iv) Foreign currency risk:

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Plan invests in financial instruments denominated in various foreign currencies, other than its measurement currency. Consequently, the Plan is exposed to risks that the exchange of the various currencies may change in a manner that has an adverse effect on the value of the portion of the Plan's assets denominated in currencies other than the Canadian dollar. As at June 30, 2020 and June 30, 2019, the Plan held currency contracts which mitigated its exposure to currency risk. The Plan's overall currency positions and exposures are monitored on a regular basis by the Administrator.

The Plan's currency exposure of its investments as at June 30 is as follows:

	2020		2019	
	Canadian dollar equivalent	Percentage of total	Canadian dollar equivalent	Percentage of total
US dollar	$ 1,018	22.7%	$ 972	22.4%
Euro	261	5.8%	292	6.7%
Japanese Yen	210	4.7%	187	4.3%
Other	185	4.1%	184	4.2%
Pound Sterling	97	2.2%	142	3.3%
Swiss Franc	59	1.3%	72	1.7%
Hong Kong dollar	44	1.0%	46	1.1%
	$ 1,874	41.8%	$ 1,895	43.7%

As at June 30, 2020, if the Canadian dollar strengthened or weakened by 5% in each respective foreign currency, with all other factors remaining constant, the following table summarizes the estimated impacts:

	2020		2019	
	Net exposure	Estimated impact	Net exposure	Estimated impact
US dollar	$ 1,018	$ 51	$ 972	$ 49
Euro	261	13	292	15
Japanese Yen	210	11	187	9
Other	185	9	184	9
Pound Sterling	97	5	142	7
Swiss Franc	59	3	72	4
Hong Kong dollar	44	2	46	2
	$ 1,874	$ 94	$ 1,895	$ 95

Draft

6. Financial instruments (continued):

(b) Associated risks (continued):

(v) Credit risk:

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Plan. Credit risk is generally higher when a non-exchange traded financial instrument is involved because the counterparty for non-exchange traded financial instruments is not backed by an exchange clearing house. The Plan policy does not permit investments in below investment grade securities. The credit risk is minimized by dealing with borrowers considered to be of high quality and by monitoring their credit risk. The Plan records all investments at fair value and therefore the values reflected in the statement of net assets available for benefits represent the maximum credit exposure to the Plan.

The following is a summary of the June 30, 2020 weighted average of funds invested, and the respective allocation targets:

		Policy Asset Mix %		
	Asset Mix %	Minimum	Benchmark	Maximum
Canadian equities	18.0	16.0	20.0	24.0
U.S. equities	22.2	17.0	20.0	27.0
International equities	19.7	12.0	15.0	24.0
Real assets[1]	4.0	5.0	10.0	15.0
Total equities and real assets	63.9		65.0	
Fixed income	35.9	20.0	35.0	50.0
Cash and short term investments	0.2	-	-	10.0
Total fixed income	36.1		35.0	
Total	100.0		100.0	

[1] Real assets includes real estate and infrastructure investments. The minimum target for Real assets is expected to be achieved once signed commitments have been funded in the next 12-24 months.

The Total Fund Benchmark Portfolio and Asset Mix guidelines states that a minimum of 50% to a maximum of 80% of the total fund's assets by market value can be invested in equities and real assets. The Total Fund Benchmark Portfolio and Asset Mix Policy also states a minimum of 20% to a maximum of 50% of the total fund's assets can be invested in fixed income which includes cash and short term investments.

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6. Financial instruments (continued):

(b) Associated risks (continued):

(v) Credit risk (continued):

The following is a summary of the Plan's investments in interest-bearing financial instruments and the Plan's exposure to credit risk as at June 30, 2020:

	2020		2019	
Credit rating	Fair value	Percentage of portfolio	Fair value	Percentage of portfolio
AAA	$ 412	25.7	$ 481	31.8
AA	742	46.1	638	42.3
A	289	18.0	264	17.4
BBB	164	10.2	129	8.5
	$ 1,607	100.0	$ 1,512	100.0

(c) Interest-bearing investments:

The following information is provided in respect of interest-bearing investments in the Master Trust Fund:

	2020		2019	
	Investment total	Average effective yield	Investment total	Average effective yield
Short-term notes and treasury bills	$ 12,960	0.4%	$ 10,920	1.2%
Canadian bonds and debentures	$ -	-	$ 154,811	2.2%

The average effective yield is the rate at which the future cash flows of the instrument must be discounted to arrive at the fair value of the instrument.

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7. Capital risk management:

The capital of the Plan is represented by the net assets available for benefits. The main objective of the defined benefit Plan is to ensure the security of the promised pension benefits under the Plan. The Plan fulfils its primary objective by adhering to specific investment policies outlined in its Statement of Investment Policies and Procedures (the "SIP&P"), which is reviewed annually by the Pension Committee. The Plan manages net assets available for benefits by engaging knowledgeable investment managers who are charged with the responsibility of investing existing funds and new funds (contributions) in accordance with the approved SIP&P. For the year ended June 30, 2020 the plan followed the most recently effective SIP&P which was amended effective October 24, 2019. The latest amendment to the SIP&P included updates to align with industry practice and to reflect regulatory requirements, as well as updates to eligible investments, manager mandates, and investment mix.

The Plan's investment managers and other consultants as at June 30, 2020 are as follows:

Services	**Managers and Consultants**
Investment Consultant	Aon Hewitt Associates
Investment Managers	BentallGreenOak (Canada) Limited Partnership BlackRock Asset Management Canada Limited BlackRock Institutional Trust Company, N.A. Jarislowsky Fraser & Company Limited Grantham, Mayo, van Otterloo & Company Franklin Templeton Investment Corp T.Rowe Price (Canada), Inc. State Street Global Advisors Limited Walter Scott & Partners Limited IFM Investors (US) LLC
Actuary	Mercer Human Resources Consulting Ltd.
Custodian/Trustee	CIBC Mellon Trust Company

Although there are no regulatory requirements relating to the level of net assets available for benefits, the funding to be maintained by the defined benefit Plan is determined through triennial actuarial valuations. No contributions remain past due as of June 30, 2020. The Pension Plan investments fell within the asset mix target ranges for the Plan as at June 30, 2020.

The Plan is required to file fund financial statements with FSRA annually.

8. COVID-19:

. On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization, which has resulted in governments worldwide, including the Canadian and provincial governments, enacting emergency measures to combat the spread of the virus. These measures which include the implementation of travel bans, self-implosed quarantine periods and social distancing have caused material disruption to businesses globally and in Canada, resulting in an economic slowdown. The potential impact to the Plan is primarily related to the investment portfolio and investment income due to the effect that the pandemic has had on global markets. As a result of the pandemic, the investment portfolio is being closely monitored to manage the impact of global market volatility. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Plan is not known at this time.

Draft

UNIVERSITY SECRETARIAT
- Board of Governors
- Senate

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REPORT TO THE BOARD OF GOVERNORS
from the
UNIVERSITY PLANNING COMMITTEE

i. Naming Policy & Procedures – Proposed Revisions

At its meeting on December 9, 2020, the University Planning Committee reviewed and approved proposed revisions to the University's Naming Policy & Procedures. Details of the proposed revisions are contained in the circulated report.

The University Planning Committee recommends,

that the Board of Governors approve the revisions to the Naming Policy and Procedures, as circulated.

ii. Name Change – CRESS

At its meeting on October 21, 2020, the University Planning Committee reviewed and approved a name change for the Centre for Research in Empirical Social Sciences (CRESS). Details of the proposed name change are contained in the circulated report.

The University Planning Committee recommends,

that the Board of Governors approve the name change for CRESS, as circulated.

Board of Governors: FOR APPROVAL
December 17, 2020

Office of the Vice President
University Advancement
Gilmour Hall, Room 205
1280 Main Street West
Hamilton, ON L8S 4L8
(905) 525-9140 x 24568

TO: University Planning Committee

FROM: Mary Williams, Vice President, University Advancement

SUBJECT: **Naming Policy – Proposed Updates**

DATE: December 1, 2020

We are pleased to share the following proposed updates to the McMaster's Naming Policy & Procedures with both clean and track changes versions as per the Secretariat. The updated policy has been reviewed by PVP and has their support.

McMaster's Naming Policy exists to provide structure and an approvals process for naming recognition. University Advancement manages the naming processes by developing naming recognition values, consults with faculties and units regarding naming opportunities and maintains an inventory of naming recognition on campus.

This will be the first policy update since 2010 and updates are minor in nature, including wording edits for clarification purposes. The existing policy has been serving McMaster well, so the proposed changes are small refinements. Internal university consultations have taken place and the Secretariat has been deeply involved in the review process. Externally, naming policies from several universities across Canada have been reviewed in preparation for this policy update.

Highlights of the changes include:

- Addition of 'life of space' naming limits, and clarity of scope for time limited namings.
- Addition of recognition of library archives and cultural collections to scope.
- Removal of fellowships from scope as these are not typically named. If this option presents itself in the future, the policy allows for us to present other suitable naming opportunities for naming consideration and approval.
- Replacement of 'donor' with 'funder' throughout the policy.

Following UPC approval, the proposed updated policy will be reviewed for approval by the Advancement Committee of the Board on December 11, and the Board of Governors on December 17.

We welcome the opportunity to discuss this proposed update with you or answer any questions.

Policies, Procedures and Guidelines

Complete Policy Title Naming Policy & Procedures	Policy Number (if applicable):
Approved by Board of Governors	Date of Most Recent Approval TBD
Date of Original Approval(s) December 16, 2010	Supersedes/Amends Policy dated December 16, 2010 Campus Names Policy – 1993 Campus Names Procedure - 2004
Responsible Executive Vice-President (University Advancement)	Policy Specific Enquiries Vice-President (University Advancement)
	General Policy Enquiries Policy (University Secretariat)

DISCLAIMER: *If there is a Discrepancy between this electronic policy and the written copy held by the policy owner, the written copy prevails.*

PREAMBLE

1. The naming of physical space and academic entities is a well-established custom at McMaster University. Naming provides meaningful opportunities for the recognition of outstanding contributions by those who serve as inspiration for future generations of students, graduates and members of the University community.

2. This Policy governs naming opportunities at the University. The Board of Governors may recognize exceptional contributions, be they financial support or in the form of honorable service, as follows:

   a) to recognize distinguished members of the University community;

   b) to recognize major funders of the university, including individuals, corporations, and foundations; or

   c) to recognize individuals who bear a special relationship to the University, Hamilton, or surrounding community.

SCOPE

3. This policy applies to all units and individuals at the University who seek recognition for a funder's generosity and/or exceptional service by a member of the McMaster community. This Policy guides the granting of named recognition at the University for:

   a) buildings (new and existing) or substantial parts of buildings (wings, floors, segments);

   b) streets, walkways and outside spaces;

   c) rooms and spaces within existing and new buildings;

   d) gifts in kind such as library collections, art, and other appropriate items;

   e) academic entities: Faculties, departments, and schools;

   f) academic programs, lectureships, speaker series, programs of research, service or recreation; or

   g) other suitable naming opportunities as determined by the University.

4. Minimum funding requirements for naming recognition will be established by the President and Vice-Presidents and be reviewed on an ongoing basis.

5. Naming of a chair or professorship in honour of an individual, corporation or foundation will be subject to the requirements and process as outlined in the McMaster University Policy Guidelines for Establishing Named Chairs and Professorships.

GENERAL NAMING POLICY

6. Naming terms will normally be outlined in documentation such as a gift agreement. Naming may be offered for a limited time or for the useful life of the space/building or may be offered in perpetuity.

7. Ultimate authority to approve or revoke any naming request at the University rests with the Board of Governors.

8. The Board of Governors reserves the right to revoke a naming decision if it constitutes a significant and/or continuing impairment to the University's reputation or if the agreed-upon financial contributions are significantly reduced. In these instances, the approval procedure of this Policy will apply.

9. From time to time a named space may need to be altered due to a change in purpose, etc. The University will make all reasonable efforts to consult with the honoree, funder, or appropriate family members in advance of changes to naming recognition

10. Naming of academic units shall not impede the University from altering its academic and research priorities and shall conform to all University policies and guidelines governing the establishment of such entities.

11. Recommendations for the naming of a new building, or major segment of it, should flow from:

    a) a sense of very broad support in the University community for the naming in recognition of the person's leadership contribution to the growth and reputation of the University; or

    b) an individual's (or corporation's) significant financial or in-kind contribution towards the capital or continuing operating cost of the facility within the context of the University's development strategy. The University will consider a funder's overall contributions in naming discussions/decisions. Normally "significant" will be interpreted as meaning 30%, or more of costs. Namings as a result of future gifts (bequests, etc.) will not normally be granted until such time as the gift is realized.

12. Naming recognition to honour a member of the University community or outstanding external scholars who have a close relationship with the University shall not be conferred until at least two years following the individual's retirement or death, except under the most unusual circumstances (such as the awarding of a Nobel Prize or similar world-wide recognition).

APPROVAL PROCEDURE

13. Naming recommendations may originate from any member of the University community.

14. Individuals contemplating a naming opportunity to recognize outstanding service and/or financial support are to consult first with the office of University Advancement for information and advice.

15. The Vice-President of University Advancement shall submit naming requests in writing to the President and Vice-Presidents for review.

16. The President, once satisfied that the naming recognition conforms to this Policy and that the recommendation deserves support, will forward their recommendation to the University Planning Committee for approval.

17. The University Planning Committee will then forward approved names to the Board of Governors for final University approval.

18. If the University Planning Committee does not approve the recommendation it will be sent back to the office of University Advancement who will inform the party who made the submission.

19. Namings of an academic nature may require additional approval from the Senate.

PLAQUES AND NAMING SIGNAGE

20. Plaques and signage recognizing funders and named spaces shall be of a generally uniform design and consistent with the University's branding guidelines. The office of University Advancement should be consulted on all named space recognition signage.

21. External corporate logos and/or wordmarks will not be permitted on University recognition signage.

Policies, Procedures and Guidelines

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PREAMBLE

1. The naming of physical space and academic entities is a well-established custom at McMaster University. Naming provides meaningful opportunities for the recognition of outstanding contributions by those who serve as inspiration for future generations of students, graduates and members of the University community.

2. This Policy governs naming opportunities at the University. The Board of Governors may recognize exceptional contributions, be they financial support or in the form of honorable service, as follows:
   a) to recognize distinguished members of the University community;
   b) to recognize major funders of the university, including individuals, corporations, and foundations; or
   c) to recognize individuals who bear a special relationship to the University, Hamilton, or surrounding community.

SCOPE

3. This policy applies to all units and individuals at the University who seek recognition for a funder's generosity and/or exceptional service by a member of the McMaster community. This Policy guides the granting of named recognition at the University for:
   a) buildings (new and existing) or substantial parts of buildings (wings, floors, segments);
   b) streets, walkways and outside spaces;
   c) rooms and spaces within existing and new buildings;
   d) gifts in kind such as library collections, art, and other appropriate items;
   e) academic entities: Faculties, departments, and schools;
   f) academic programs, lectureships, speaker series, programs of research, service or recreation; or
   g) other suitable naming opportunities as determined by the University.

4. Minimum funding requirements for naming recognition will be established by the President and Vice-Presidents and be reviewed on an ongoing basis.

5. Naming of a chair or professorship in honour of an individual, corporation or foundation will be subject to the requirements and process as outlined in the McMaster University Policy Guidelines for Establishing Named Chairs and Professorships.

GENERAL NAMING POLICY

6. Naming terms will normally be outlined in documentation such as a gift agreement. Naming may be offered for a limited time or for the useful life of the space/building or may be offered in perpetuity.

7. Ultimate authority to approve or revoke any naming request at the University rests with the Board of Governors.

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research programs, or
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8. The Board of Governors reserves the right to revoke a naming decision if it constitutes a significant and/or continuing impairment to the University's reputation or if the agreed-upon financial contributions are significantly reduced. In these instances, the approval procedure of this Policy will apply.

9. From time to time, a named space may need to be altered due to a change in purpose, etc. The University will make all reasonable efforts to consult with the honoree, funder, or appropriate family members in advance of changes to naming recognition

10. Naming of academic units shall not impede the University from altering its academic and research priorities and shall conform to all University policies and guidelines governing the establishment of such entities.

11. Recommendations for the naming of a new building, or major segment of it, should flow from:

    a) a sense of very broad support in the University community for the naming in recognition of the person's leadership contribution to the growth and reputation of the University; or

    b) an individual's (or corporation's) significant financial or in-kind contribution towards the capital or continuing operating cost of the facility within the context of the University's development strategy. The University will consider a funder's overall contributions in naming discussions/decisions. Normally, "significant" will be interpreted as meaning 30%, or more of costs. Namings as a result of future gifts (bequests, etc.) will not normally be granted until such time as the gift is realized.

12. Naming recognition to honour a member of the University community or outstanding external scholars who have a close relationship with the University shall not be conferred until at least two years following the individual's retirement or death, except under the most unusual circumstances (such as the awarding of a Nobel Prize or similar world-wide recognition).

APPROVAL PROCEDURE

13. Naming recommendations may originate from any member of the University community.

14. Individuals contemplating a naming opportunity to recognize outstanding service and/or financial support are to consult first with the office of University Advancement for information and advice.

15. The Vice-President of University Advancement shall submit naming requests in writing to the President and Vice-Presidents for review.

16. The President, once satisfied that the naming recognition conforms to this Policy and that the recommendation deserves support, will forward their recommendation to the University Planning Committee for approval.

17. The University Planning Committee will then forward approved names to the Board of Governors for final University approval.

18. If the University Planning Committee does not approve the recommendation it will be sent back to the office of University Advancement who will inform the party who made the submission.

19. Namings of an academic nature may require additional approval from the Senate.

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Deleted: McMaster
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Deleted: his/her
Deleted: Office

PLAQUES AND NAMING SIGNAGE

20. Plaques and signage recognizing funders and named spaces shall be of a generally uniform design and consistent with the University's branding guidelines. The office of University Advancement should be consulted on all named space recognition signage.

21. External corporate logos and/or wordmarks will not be permitted on University recognition signage.

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Deleted: donors

Deleted: Office

McMaster University

Centre for Research in Empirical Social Sciences
Faculty of Social Sciences
L.R. Wilson Hall
1280 Main Street West
Hamilton. ON L8S 4L8

(905) 525-9140 x 24029
dionm@mcmaster.ca
cress.mcmaster.ca

MEMO

TO: University Planning Committee
FROM: Michelle Dion
RE: Name Change for CRESS (Centre for Research in Empirical Social Sciences)
DATE: September 22, 2020

I would like to request that the University Planning Committee consider a name change for the Centre for Research in Empirical Social Sciences (CRESS).

On December 12, 2019, CRESS was approved as a centre within the Faculty of Social Sciences. Shortly thereafter, we began to hear three major concerns about the name of the centre.

1) "Empirical" is not used widely outside academia and can be misunderstood. Given the centre's mandate of community engagement, we want to be approachable.
2) We are a broad-based social research methods centre available to all Faculties. Being too closely linked to social sciences can hinder their recognition of this broad service base.
3) Our mission is innovation in research and the name does not reflect that.

We consulted with C.A. Klassen at the Office of Community Engagement; Erin Baxter Melo, Communications Manager in the Faculty of Social Sciences; and Lorna Somers, AVP of Development. All urged us to consider changing the name to better reflect the mission of the centre. The CRESS Governing Board, which includes Jeremiah Hurley (Dean of Social Sciences), James Gillett (Associate Professor of Health, Aging, & Society/Sociology and Associate Dean of Graduate Studies & Research in Social Sciences), James Dunn (Professor and Senator William McMaster Chair in Urban Health Equity, Chair of Health, Aging, and Society), and Tina Fetner(Professor and Chair of Sociology), have also endorsed changing the centre's name. All those consulted particularly like the name we now recommend.

We propose to rename The Centre for Research in Empirical Social Sciences as Spark: A Center for Social Research Innovation.

Thank you for your consideration of this request.

Michelle Dion
Academic Director, Centre for Research in Empirical Social Sciences (CRESS)
Associate Professor of Political Science & Senator William McMaster Chair in Gender & Methodology

PRESIDENT'S REPORT TO
McMASTER UNIVERSITY'S BOARD OF GOVERNORS
DECEMBER 17, 2020

Visioning Process for McMaster: Shape the Future

At the beginning of this month, I shared an update on the responses received to the recent Shape the Future visioning exercise. I very much appreciate the time and thought that so many members of our community committed to sharing their ideas, perspectives and concerns. This initiative builds on the many group and individual conversations that have taken place with members of the academic, administrative and student leadership, alumni, community members, Board members, and external partners over the last several months. Taken together, the various conversations, consultations, discussions and responses provide a clear picture of the areas and issues that members of our community view as critically important to McMaster, and our local and global communities, over the coming years. They also lay out a range of ambitions and hopes for our collective impact and ongoing societal contributions.

As mentioned in my update letter, not surprisingly, addressing critically important global issues such as climate change, racism, inequity and injustice, healthcare provision, poverty, and aging emerged as key areas of focus. Many participants were optimistic about McMaster's role in solving the big issues facing our world and making use of the transformative power of knowledge to create a fairer, more equitable future. As Board Members know, the University has become focused over the last few years on the importance of the United Nations Sustainable Development Goals and it is clear that members of the McMaster community see the opportunity to effect positive change in a number of these key areas.

More locally, a clear sense of McMaster's critically important role within Hamilton and the surrounding communities, including our local Indigenous communities, was articulated throughout the responses. This builds on our ongoing community engagement activities, and encompasses expanded entrepreneurial activities, increased technology and business-focused partnerships, employment opportunities, as well as enhanced pathways for access to education. The University's ongoing focus on equity, diversity and inclusivity permeated many of the discussions and responses, and clearly underlined the importance of sustained and concrete action in this area.

In thinking about the skills needed to thrive in our rapidly changing world, and currently in the largely virtual world, respondents focused on the importance of supporting our students to be flexible, adaptable and resilient, equipped with the skills needed to analyze and solve complex problems, think critically and across disciplinary boundaries, and enter the job market able to lead with empathy and compassion. The opportunities presented by the changed learning environment, and the importance of making the best possible use of advances in technology, retaining flexibility and ensuring that all necessary infrastructure and processes are in place to support our digital platforms, was also highlighted. As noted in the update letter, we are focused on ensuring that all appropriate resources and services are available to support our students and create a safe and inclusive environment for all. This issue will be considered further as part of the student climate survey and holistic review to be launched in the New Year.

Based on the clear picture I have received of the commitment of members of our University to making a positive impact on the world, building a clear sense of community, developing the partnerships and collaborations needed to support our scholars and ensure that we are well positioned to tackle the major local and global issues we face, I am working to finalize a refreshed vision statement capturing these key themes. I expect to share this long-term vision with the McMaster community early in 2021 and will then bring forward a shorter-term strategic plan based on the seven priorities previously discussed with the Board and outlined in my October report to the Board.

The consultation process has confirmed the clear sense of alignment across the campus around the priority areas of: Inclusive Excellence, Student Learning, Research and Scholarship, Community Engagement, Research Translation and Commercialization, International Engagement and Operational Excellence, and these will be developed further in the strategic plan.

Updates on Priorities

Given that I outlined plans related to all seven priorities in my last report, I am just highlighting significant developments in three key areas in this report:

Inclusive Excellence
I mentioned previously the range of initiatives being established in collaboration with the African-Caribbean Faculty Association of McMaster University (ACFAM), including a program of strategic, targeted hiring. I am delighted that, with the support of the Provost's Office and all the Faculty Deans, the University has been able to announce a cohort hiring initiative that will see the appointment of up to 12 emerging and established academics and scholars who will contribute to the advancement of Black academic excellence across all six Faculties. This represents an important step forward and forms part of the University's Strategic Equity and Excellence Recruitment and Retention (STEERR) program, which is a key priority within McMaster's EDI Strategy and Action Plan. Alongside this, we remain focused on Indigenous education and research and continue to support the University's Indigenous Education Council as they develop strategies to guide Indigenous learning and scholarship at McMaster.

Addressing racism in all its forms remains an important area of focus. Board Members will have seen the report of the Task Force that reviewed the Black Student-Athlete Experience and the McMaster Athletics Climate, which was completed at the end of October. As mentioned in my letter to the community at that time, the experiences of Black student-athletes recounted in the report are deeply disturbing and point to a culture of systemic anti-Black racism within the Department of Athletics and Recreation, which we are now working hard to address. A detailed action plan has already been launched to ensure that the recommendations are implemented and that positive and concrete change is effected.

The initiatives laid out in the action plan include establishing a Black graduate assistant coaching program, increasing the representation of Black staff within the Department and creating a number of new staff positions, establishing a Black Student-Athlete Council, developing additional Financial Aid awards, a mentoring program, and establishing a dedicated physical space for a Black student services office.

Student Learning
The Virtual Learning Task Force, established by the Provost earlier in the Fall to assess and enhance the virtual learning environment, respond to issues and concerns, and promote best practices, has now delivered its report. This includes 21 recommendations grouped in short, medium and long-term timelines, designed to offer support to both students and instructors, help alleviate stress heading into the virtual winter term and look ahead to possible solutions for the 2021-22 academic year. The suggestions range from establishing central hubs for course content, regular student surveys and offering practical, simple-to-execute tips to instructors, including reducing workloads for students, improving course organization, fostering stronger connections and giving students more opportunities to offer feedback.

This work was informed by more than 3,000 respondents to the MacPherson Institute Survey in October, the majority of them students. The bulk of those responding rated their overall experience with virtual learning positively — from excellent to fair. A significant number, a third of the respondents, expressed concern about their overall virtual learning experience, establishing interpersonal connections and cited feeling overwhelmed. Some instructors also mentioned feeling overloaded. The Task Force had previously highlighted that student mental health issues related to online learning and the ongoing pandemic, including stress, isolation, anxiety and motivation, are a critical issue. This will be considered further by a dedicated sub-committee of the McMaster Okanagan Committee and the recommendations provided by that group will be used to supplement the University's longstanding campus-wide mental health strategy and supports.

The Virtual Learning Task Force recommended that discussions regarding virtual learning should continue in 2021. This will be taken up through the University's Teaching and Learning Advisory Group and include technology experts, pedagogical experts, instructors, and students. The University leadership is extremely mindful of the impact on students of undertaking their academic studies in this largely virtual environment but is also keen to harness the positive aspects and technological advances that have been made as we focus on ensuring the best possible educational experience.

Operational Excellence
The Board has discussed on a number of occasions the importance of modernizing and streamlining administrative systems and processes across the University. Our goal is to be able to provide the best possible support for our faculty, staff and students. Several years ago we began working with Uniforum, which enables us to benchmark against our peers with regard to a detailed range of key administrative services and supports. At the December 17 Board meeting, our Vice-President (Administration), Roger Couldrey, who has been leading this work, will present an update on administrative initiatives and advances arising from the Uniforum work and from recent reviews of administrative operations. This work will lay the foundation for our focus on Operational Excellence over the coming years.

CAMPUS UPDATE

Awards and Accolades

Highly Cited Researchers
Eighteen McMaster researchers have been named on the 2020 international list of highly cited researchers, four more than last year. The list, which is compiled annually by Clarivate Analytics, recognizes researchers who have had significant and broad influence within their fields, or across disciplines. Researchers whose work is on the list are in the top 1% of citations for field and year in *Web of Science*, a citation index.

This year, more than 6,000 were included on the list, including 26 Nobel laureates. Those named represent approximately one in every 1,000 researchers in the sciences and social sciences.

The McMaster researchers on the list are:

- Elie Akl (Clinical scholar, Department of Medicine)
- Altaf Arain (School of Earth, Environment and Society)
- Jan Brozek (Department of Health Research Methods, Evidence and Impact)
- Stuart Connolly (Department of Medicine)
- Mark Crowther (Department of Pathology and Molecular Medicine)
- J. Devereaux (Department of Health Research Methods, Evidence and Impact)
- John Eikelboom (Department of Medicine)
- Gordon Guyatt (Department of Health Research Methods, Evidence and Impact; named in two fields)
- Roman Jaeschke (Department of Medicine)
- Glenda MacQueen (Psychiatry and Behavioural Neurosciences)
- Paul Moayyedi (Department of Medicine)
- Stuart Phillips (Department of Kinesiology)
- Walter Reinisch (Department of Medicine)
- Holger Schünemann (Department of Health Research Methods, Evidence, and Impact)
- Gregory Steinberg (Department of Medicine)
- Stephen Walter (Department of Health Research Methods, Evidence, and Impact)
- Gerald Wright (Biochemistry and Biomedical Sciences)
- Salim Yusuf (Department of Medicine)

WXN 18th Annual Canada's Most Powerful Women: Top 100 Awards
Dr. Juliet Daniel, Professor and Acting Associate Dean of Research and External Relations in the Faculty of Science, and member of the Board of Governors, has received a 2020 WXN Canada's Most Powerful Women: Top 100 Award in the category of Manulife Science and Technology, which recognizes women in STEM roles who are challenging the status quo for knowledge and female empowerment. Dr. Daniel's cancer biology research led to her discovery of a new gene "Kaiso", whose high expression is linked to racial disparities in cancer outcomes. The Top 100 Award recognizes her cutting-edge research, dedicated community service, and advocacy for women and equity-seeking groups.

Honorary Degree Recipients
At the November Fall Convocation celebration, held on November 19, McMaster was proud to honour Professor Emeritus, Gary Warner, with an Honorary Doctorate, along with Explorer Wade Davis and Philanthropist Mick Ebeling. Dr. Warner recalls being one of the only Black professors on campus when he started teaching at McMaster in 1967. He became an integral leader on and off campus, promoting peace, human rights and education and pioneering the study of African and Caribbean literature at the University. For more than 50 years Dr. Warner has worked to combat racism, bullying and poverty and promoted non-violence, justice and inclusion through numerous roles with many organizations, including Hamilton's Centre for Civic Inclusion, the Poverty Reduction Roundtable and the Hamilton Community Foundation.

Research Funding

McMaster researchers study saliva-based, asymptomatic testing as a route to limit the spread of COVID-19
Researchers at McMaster are studying the saliva-based testing procedures that would enable routine testing of asymptomatic individuals on a large scale. They believe the development and implementation of high-capacity testing procedures—which could be done in university labs—would enable large-scale and routine testing of asymptomatic people to better identify cases, isolate infected individuals and limit the spread of COVID-19.

Researchers discover drug combination dramatically cuts heart attack risk
Heart attacks, strokes and other cardiovascular incidents can be cut by 20 to 40 per cent through use of a polypill, which combines three blood pressure medications and a lipid-lowering drug, taken alone or with aspirin. The study was conducted in 89 centres from nine countries and coordinated globally by the Population Health Research Institute (PHRI), a joint institute of McMaster University and Hamilton Health Sciences.

Government of Canada awards $2.5 million to McMaster to support COVID-19 border study with McMaster HealthLabs
McMaster has been awarded $2.5 million from the Government of Canada to support the McMaster HealthLabs (MHL) Canadian International COVID-19 Surveillance Border Study at Toronto Pearson International Airport. The MHL study began in September 2020 and was established to gather data on the COVID-19 rates of incoming international travellers to help determine if an airport-based surveillance program is feasible.

From groundwater to wildfires, Global Water Futures invests $2.4 million in McMaster researchers
Five McMaster projects have been awarded a further $2.4M by Global Water Futures (GWF)—the world's largest university-led freshwater research program. In addition to an extension of funding for two current projects, Mountain Water Futures and Co-Creation of Indigenous Water Quality Tools, three new projects will be hosted at, or in partnership with, the University. These projects include research into waterborne diseases, minimizing wildfire risk and groundwater management.

Community Engagement

McMaster researchers receive almost $75,000 in funding for projects with community partners

Three researchers in the Faculty of Social Sciences have received almost $75,000 from the Social Sciences and Humanities Research Council (SSHRC) to launch projects in partnership with community organizations. The Partnership Engage Grants allow university researchers to work closely with non-governmental and non-profit organizations, charitable foundations and other community partners, facilitating research that will help meet an immediate need or challenge.

Student Success

Fall Convocation – Virtual Celebration

The University marked Fall convocation with a virtual celebration on November 19. Convocation is an important time in the life of any university, and a time for all members of the McMaster community to share in celebrating the achievements of our students and anticipating all that they will achieve in the future. While it was not what any of us expected at the beginning of this year, everyone in the McMaster community was proud to celebrate our students' hard work, success, and the way they have excelled in the face of adversity.

Equity and Inclusion Office

Annual Report

SEPTEMBER 1, 2019 – AUGUST 31, 2020

BRIGHTER WORLD

Equity and Inclusion Office | McMaster University

Equity and Inclusion Office

Annual Report

Relevant Links

Accessibility Hub: accessibility.mcmaster.ca

Discrimination and Harassment Policy: secretariat.mcmaster.ca/app/uploads/Discrimination-and-Harassment-Policy.pdf

Equity & Inclusion Office: equity.mcmaster.ca

Equity & Inclusion on Facebook: www.facebook.com/EIOMcMaster

President's Advisory Committee on Building an Inclusive Community: pacbic.mcmaster.ca

Sexual Violence Policy: secretariat.mcmaster.ca/app/uploads/Sexual-Violence-Policy.pdf

Sexual Violence Prevention and Response Office: svpro.mcmaster.ca

Executive Summary

The Annual Report is broken down into two main sections: Program Highlights and the Statistical Report

Program Highlights

This section provides an overview of respective programming, training initiatives, collaborative events, and notable successes and opportunities across each Equity and Inclusion Office service area:

- AccessMac Accessibility Program;
- Inclusion & Anti-Racism Education Program;
- Sexual Violence Prevention & Response Office; and
- Human Rights & Dispute Resolution Program.

Collectively, the education, training, and outreach initiatives across these programs and service areas reached more than ten thousand (10,000) individuals.

Statistical Report

This section comprises detailed information on complaints, consultations, and dispute resolution for matters falling under McMaster University's Discrimination and Harassment Policy (formerly, the Policy on Discrimination and Harassment: Prevention & Response) and/or the Sexual Violence Policy.

2019/2020 was the third year operating with an Intake Team model, and, as such, comparative data from the last two years has been incorporated into this report.

Complaints: 46. While the overall number of complaints has remained relatively stable, there has been a marked increase in the complexity of the matters coming forward.

Consultations: 477. Year over year, we are seeing a steady increase in the number of consultations being conducted by the five Intake Offices on campus. This past year, a notable trend is the increased number of consultations on issues involving ancestry, colour and race.

Dispute Resolution: 122. We are again seeing an increase in the number of matters being successfully resolved with the assistance of an Intake Office.

Program Highlights

2019 | 2020

Program Highlights – 2019/20

AccessMac Accessibility Program

Accessibility and Disability Support-Related Consultations (Total)

Type of Consultation	# of Consultations
Accessibility and / or Disability Inclusion Consultations: Broad campus community	141
Support-Related Consultations / Referrals: Persons with lived experience of disability	24

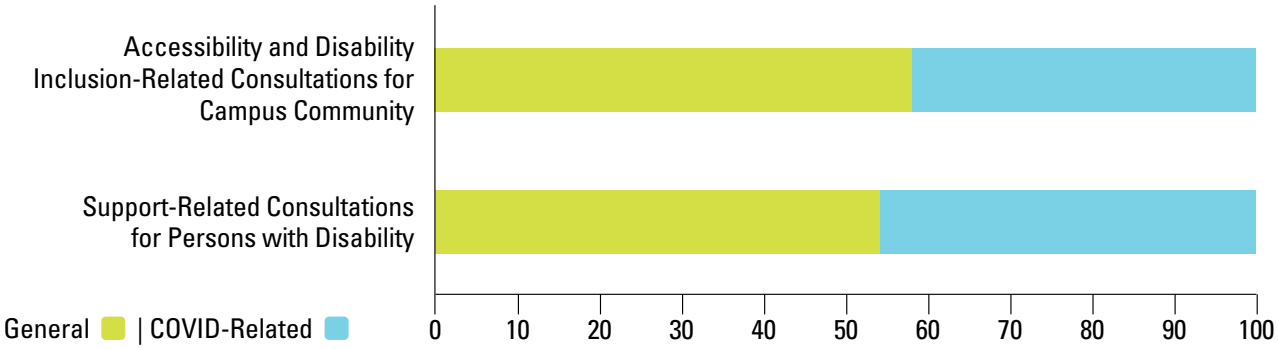
Accessibility and Disability Support-Related Consultations (COVID-Related)

Type of Consultation	# of Consultations
Accessibility and / or Disability Inclusion Consultations: Broad campus community	59
Support-Related Consultations / Referrals: Persons with lived experience of disability	11

Top 3 Themes for COVID-Related Consultations:

1. Captioning and digital content accessibility
2. Integrating and enabling accessibility within online / virtual teaching and learning and work environments
3. Supporting persons with disabilities in the shift to remote work / learning environments online / virtual teaching and learning and work environments

Total Accessibility and Support Consultations vs. COVID-Related Accessibility and Support Consultations: AccessMac Program 2019-2020 Academic Year



Education: Workshops, Presentations and Training

Type of Education	# of Sessions	# of Participants
Synchronous workshops and training	1) 25 in-person / synchronous	1) 1,200
Asynchronous workshops and training	1) 3 asynchronous Student Leadership Training course shells / sessions 2) 13 online sessions AODA and Human Rights Code 3) 4 online Accessible Education sessions (FLEX Forward)	1) 266 2) 2000 3) 650

Disability-Centric Events and Meetings

Type of Meeting / Events	# of Sessions / Meetings	# of Participants
International Day of Persons with Disabilities Commemorative Events	1) Launch Party and Publication of the 2018-2019 Accessibility and Disability Inclusion Update 2) Self-Advocacy and Disability Rights Disability Discussion	1) 50 2) 20
Employee Accessibility Network	8	120
Disability DIScussions	4	55
Engineering Design-Think Accessibility Workshop	1	50
Ross MacDonald School for the Blind McMaster Visit	1	30

Highlights of Notable Successes and Opportunities

Training

- Co-development with MacPherson Institute: New chapter in the *FLEX Forward: Accessible Education* training for McMaster instructors and faculty on Accessibility in Online and Technology-Enhanced Learning.
- Co-development and launch with Faculty of Sciences: *Accessible Document Webinar* series with Faculty of Sciences; available asynchronously from Microsoft Sway and MacVideo channels and synchronously from the AccessMac Program.
- Development of fully asynchronous *Accessibility and Disability Inclusion Student Leadership* training (used by: Archway Program; McMaster Student Union Part-Time managers and volunteers; Wellness Centre's newly launched Caring Communities Network and McMaster Institute for Research on Aging (MIRA)).
- Redevelopment with Employee Health Services (HRS): *Accessible Accommodations for McMaster Managers* training for remote work / COVID context
- Co-development with Engineering Co-op Services: *Accessibility and Disability Inclusion Module* within the EDI Module series for Engineering Co-op students.

Large Accessibility Consultations and Projects

- Collaboration with the McMaster Accessibility Council (MAC), and the Employee Accessibility Network (EAN) to audit and work toward redeveloping McMaster's Accessibility Plan 2012-2025 (Fall 2019- Fall, 2020).
- Establishment of the Barrier Free Standard Committee in collaboration with Facilities, the Libraries, Student Accessibility Services (SAS) and Residence Life (Fall, 2019).
- Development and launch of the User Testing Pilot Program for website accessibility testing with funding from the (SSC) Career Access Professional Services (CAPS).
- Development, launch and communication of the COVID-19 Response for Accessibility section on the Accessibility Hub for Faculty, Staff and Students, including the McMaster online closed captioning protocol and accompanying resources (Spring, 2020).
- Co-development of a cross-campus McMaster Captioning Strategy for Online Teaching and Learning in collaboration with the Libraries, SAS, MAC and McMaster Faculties (Spring, 2020).
- Collaboration with the Faculty of Sciences to develop and hire Accessibility Digital Media Specialist within the Faculty (Spring, 2020).
- Redevelopment and re-drafting of the overarching University Policy on Accessibility (Spring, 2020-ongoing).
- Co-development and launch of the IDEAS (Inclusion, Diversity, Equity, Accessibility, and Sustainability) grant initiative with the MacPherson Institute (Summer, 2020-ongoing).

Publications (Community)

- Second annual publication of the Accessibility and Disability Inclusion Update, 2018-2019, on December 3rd. The Accessibility and Disability Inclusion Update is a collective campus community publication facilitated through the Equity and Inclusion Office, which highlights and celebrates the Accessibility and Disability Inclusion work that takes place within community, student work, faculties, and service units on an annual basis. This year received nearly double last year's submissions with over 70 in total from approximately 50 contributors across campus.

Inclusion and Anti-Racism Education Program

Type of Program	# of Sessions	# of Participants
Educational	65	4,000
H.E.A.R.T. Workshops	8	320
Black History Month	16	615
Support	61	40
Let's Talk About Race! Drop-In	6	150

Highlights of Notable Successes and Opportunities

- Alan Berkowitz Bystander Intervention Training to students, staff and faculty on September 25 & 26, 2019
- Miss J Event in collaboration with Laurier and University of Guelph – March 2, 2020
- Partnered with the Human Book Collection to offer the Human Library on campus on February 12, 2020
- Offered the KAIROS Blanket Exercise to various areas on campus

Sexual Violence Prevention & Response Office

Disclosures

Disclosures over the past academic year are highlighted below.

A disclosure is made when an individual informs someone in the University community about an experience of sexual violence because they wish to access support, accommodations and/or information about their options. A person may wish to disclose, seek support, and take no further action. This is an option for individuals under McMaster's Sexual Violence Response Protocol and Sexual Violence Policy.

Categories for reporting are based on provincial requirements, as set out in Common Institutional Metrics Reporting Guidelines document.

Between September 1, 2019 and August 31, 2020, there were 121 Disclosures, of which 1 was resolved through a mutually agreed process. The number that went on to complaints is captured in the statistical report below.

	2018/19		2019/20	
Type of Program	**Total # of Disclosures**	**Pursued Voluntary Resolution**	**Total # of Disclosures**	**Pursued Voluntary Resolution**
Sexual Assault	83	2	100	1
Sexual Harassment	9	1	13	
Stalking	4		2	
Indecent Exposure			1	
Voyeurism			1	
Sexual Exploitation	1		1	
Intimate Partner / Domestic Violence	4		3	

Definitions

These categories are from the Common Institutional Metrics Reporting Guidelines

Sexual Assault. Non-consensual sexual contact or activity, including the threat of such activity, done by one person or a group of persons to another. Sexual assault can range from unwanted sexual touching, kissing, or fondling to forced sexual intercourse. Sexual assault can involve the use of physical force, touching, kissing, or fondling to forced sexual intercourse. Sexual assault can involve the use of physical force, intimidation, coercion, or the abuse of a position of trust or authority.

Sexual Harassment. A course of vexatious comment, conduct, and/or communication based on sex, sexual orientation, gender, gender identity, or gender expression that is known or should have been known to be unwelcome.

Stalking. Behaviours that occur on more than one occasion and which collectively instill fear in the person or threaten the person's safety or mental health, or that of their family or friends. Stalking includes non-consensual communications (e.g., face to face, phone, electronic); threatening or obscene conduct or gestures; surveillance and pursuit; and sending unsolicited gifts.

Indecent Exposure. The exposure of the private or intimate parts of the body in a lewd or sexual manner, in a public place when the perpetrator may be readily observed. Indecent exposure includes exhibitionism.

Voyeurism. The surreptitious observing of a person without their consent and in circumstances where they could reasonably expect privacy. Voyeurism may include direct observation, observation by mechanical or electronic means, or visual recordings.

Sexual Exploitation. Taking advantage of another person through non-consensual or abusive sexual control. This may include the digital or electronic broadcasting, distributing, recording and or photographing of people involved in sexual acts without their consent.

Intimate Partner Violence. Harm caused by an intimate partner, who is defined a person with whom someone has or had a close personal relationship that could be characterized by an emotional connection, or ongoing physical contact or sexual behaviour. Persons may identify as a couple, or refer to each other as spouse or partner. IPV is sometimes referred to as domestic violence, though this can include other types of relationships (e.g., with children or older adults). IPV includes: physical abuse (including a threat or attack made with a fist of object, pushing, shoving, slapping, kicking, choking, hitting or beating), sexual abuse, emotional and psychosocial abuse (words or actions to frighten, intimidate, control, isolate, humiliate, and/or belittle) and financial abuse (adapted from RCMP).

Consultations

Between September 1, 2019 and August 31, 2020, there were 84 total consultations .

The consultations conducted by the Consultant, Sexual Violence Prevention & Response, are also reflected in Intake Office statistical section of this report.

Of the 84 consults, 43 came from faculty regarding sexual harassment, 6 from staff regarding sexual harassment, 25 from graduates regarding sexual harassment, and 10 from undergraduate students. Some of the topics of consultation included:

- reporting requirements
- limits of confidentiality
- procedural issues
- procedural fairness concerns
- accommodations
- types of sanctions
- concerns about witnessed behaviour
- thresholds for sexual harassment
- boundary issues
- fear of "me too" campaign

Sexual Violence Prevention Education Statistics

February 24, 2020 (date new Coordinator hired) – August 31, 2020

Training Events

Type	# of Events	# of Participants	Audience	Topics
Ongoing Synchronous Training Events	9	160	student leaders, students (general), staff, faculty, alumni	responding to disclosures of sexual violence, SVPRO overview, healthy relationships, intersectionality, consent, community care
Asynchronous Training Events	4	1,158	student leaders (Welcome Week representatives, Welcome Week planners, Community Advisors, Archway Mentors), staff	responding to disclosures of sexual violence, SVPRO overview

Highlights of Notable Successes and Opportunities

- Offered the psycho-educational group for student survivors of sexual assault (PEGASUS), which ran for 10 weeks during the fall term of 2019 and again during winter term of 2020 term
- Developed Trauma-Informed Investigations training content for the Law Society of Ontario online professional development opportunity
- Hired the inaugural Sexual Violence Prevention Education Coordinator who began in February 2020, who, in turn, hired and trained 10 students for a new Peer Education Program – one undergraduate peer education team and one graduate team
- Renewed and rebranded ("Consent is Everything") Sexual Violence Prevention and Response Office website, with new and updated content aligned with new Sexual Violence Policy
- Established "Consent is Everything" e-newsletter
- Developed the "Gold Folder" resource for faculty and staff, providing guidance on how to Recognize, Respond, and Refer disclosures of sexual violence
- Developed pandemic-related campaigns for social media channels:
  - Home & COVID-19 (home isn't safe for everyone)
  - Supporting Friends While Physical Distancing
  - Boundaries & COVID-19 (communicating boundaries regarding comfort and safety around gathering during COVID-19)
- Participated in re-visioning of annual December 6 Day of Remembrance and Action on Violence Against Women event and virtual Men's Walk. (Link to YouTube Channel)

Human Rights and Dispute Resolution Program

Consolidated numbers on complaints, consultations and alterative dispute resolution are listed in the statistical report below.

Highlights of Notable Successes and Opportunities

- Provided consultation to the McMaster Student Union on workplace anti-violence, discrimination and harassment policy drafting and jurisdiction between the student union and the University
- Provided appropriate support and information for the "Systemic Review of the Black Student-Athlete Experience and the McMaster Athletics Climate"
- With SVPRO, participated in a panel presentation and discussion on Trauma Informed Investigations at a continuing professional development day hosted by the Law Society of Ontario entitled, "Workplace Investigations: A Comprehensive Look at Emerging Issues and Practical Solutions"
- Partnered with EIO colleagues and members of other Intake Offices to deliver customized training on human rights issues
- Increased the compliment of the Senior Human Rights Officer team by one full time equivalent to address increased workload, compositional diversity, as well as the ability to conduct more investigations internally.

Statistical Report

Statistical Report

Report Parameters

Under sections 52 of the *Discrimination and Harassment Policy* (formerly, the *Policy on Discrimination and Harassment: Prevention & Response*) and section 53 of the *Sexual Violence Policy*, the Equity and Inclusion Office is responsible for gathering and analyzing statistics on consultations, disclosures, complaints, investigations, sanctions and outcomes, and for reporting on that data to the Senate and the Board of Governors.

Unless stated otherwise, this report covers data collected from September 1, 2019 to August 31, 2020.

The report includes 1) data gathered by the Equity and Inclusion Office; and 2) data provided to the Office by Human Resources Services, Faculty of Health Sciences Professionalism Office, and Student Support & Case Management.

Defintions

Complaint: A complaint under McMaster University's *Discrimination & Harassment Policy* or *Sexual Violence Policy* is made when an individual seeks to initiate the institution's investigation and adjudication procedures, by completing and submitting complaint forms to one of the five Intake Offices on campus. Upon receipt of a complaint, the policy Response Team convenes to review the materials with a view to making recommendations to the respective Decision Maker. Complaints are either investigated or not investigated. If the complaint is not investigated, the complainant is informed of their right to make a written request for review of the decision to the appropriate Vice-President.

Consultations: A consultation takes place when an individual seeks advice and/or guidance on a matter related to discrimination, harassment, and/or sexual violence from an Intake Office representative in one of the five Intake Offices on campus. Consultations are confidential, subject to limits of confidentiality, outlined in the Policies.

Dispute Resolution: Dispute resolution is a service provided by Intake Office representatives to help facilitate the successful resolution of issues and concerns related to discrimination, harassment, and/or sexual violence. It is a voluntary process and is not appropriate in all cases. It seeks to resolve matters in an efficient manner and reduces the need for complaints to be filed.

Intake Offices: the five Intake Offices listed in *McMaster University's Sexual Violence Policy* and *Discrimination & Harassment Policy* are the Sexual Violence Prevention & Response Office, Human Rights & Dispute Resolution Program, Employee and Labour Relations, Faculty of Health Sciences Professionalism Office and Student Support & Case Management Office.

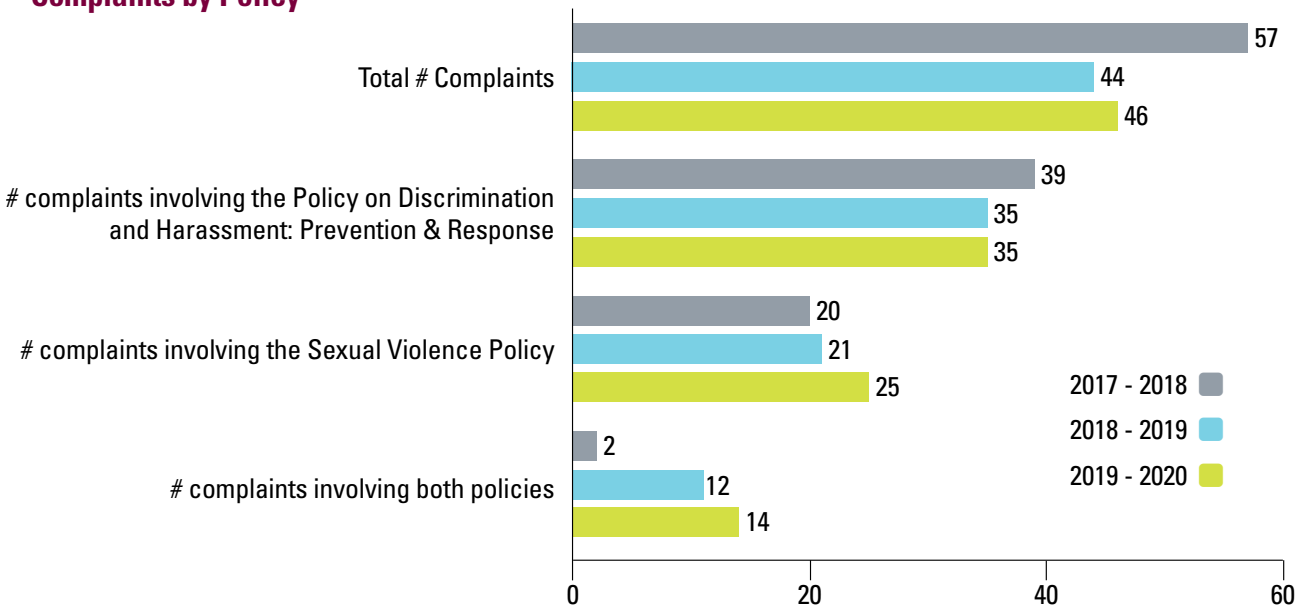
Complaints

1. Complaints: Overview of complaint numbers

Reporting Year	Total # Complaints	Open at start of year	New	Closed
September 1, 2017 - August 31, 2018	57	16	41	47
September 1, 2018 - August 31, 2019	44	10	34	32
September 1, 2019 – August 31, 2020	46	12	34	20

While the overall number of complaints has remained relatively stable, there has been a marked increase in the complexity of the matters coming forward. This is resulting in longer investigation timelines and the appointment of external investigators. 85% of investigations conducted over the past year were done so by external investigators.

Complaints by Policy



The length of an investigation process is calculated as the time between the date the parties are first notified of the process and the date the parties receive the findings and outcomes of the process.

Complaints Investigated

Reporting Year	Percent investigated	Percent resulting in policy violations	Average Length of investigation[1] process (months)
2017 - 2018	51%	50%	6.1
2018 - 2019	69%	50%	6.7
2019 - 2020	75%	87%	5.4

Complaints not investigated

Complaints are not investigated for a variety of reasons, including: the complainant elects to withdraw the complaint; the parties reach a resolution; the complaint proceeds under another University process, such as Academic/Research Integrity, Student Appeal Procedures or Code of Student Rights and Responsibilities; the Response Team and Decision Maker decide not to investigate because, for example, there is no jurisdiction, the complaint is out of time, or there is no prima facie case.

In the past academic year, approximately 25% of complaints did not proceed to investigation.

Interim measures

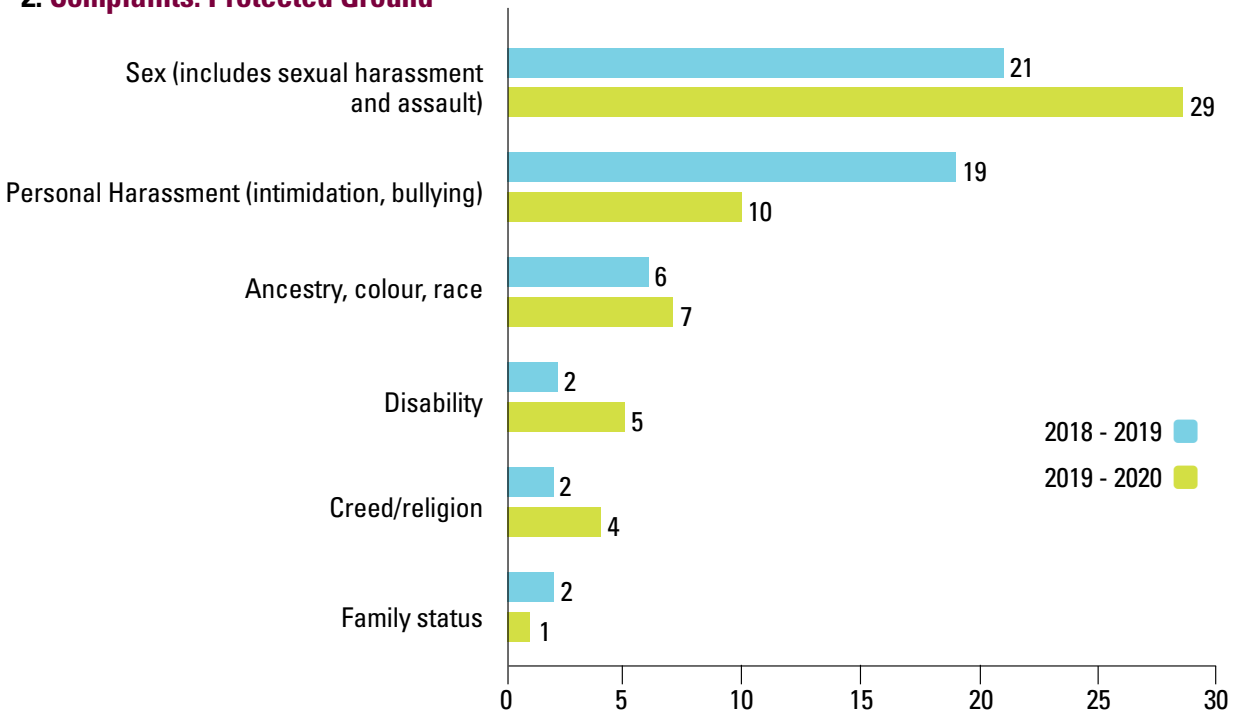
Interim measures are temporary steps put in place while an investigation is in progress to safeguard the working, learning and/or living environments of all individuals. Interim measures do not extend beyond the final resolution of a matter and are reviewed on an on-going basis to ensure they remain appropriate in the circumstances.

Interim measures were necessary in 80% of the cases investigated and closed this past academic year. At times, in order to implement appropriate interim measures, relevant staff and faculty are asked to assist in discussions to explore options, and to assist with implementation and oversight.

Outcomes

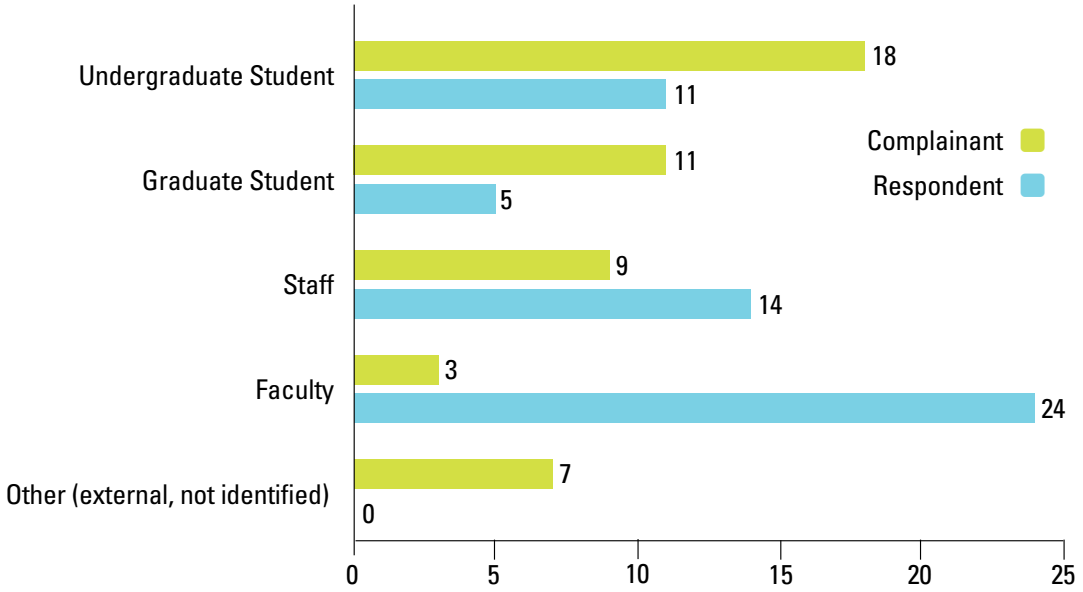
When policy violations are found to occur, outcomes vary, depending on the circumstances of each case. Examples of outcomes during the 2019/20 academic year include: remedial educational initiatives; mandated training; professional coaching; instituting no contact orders between individuals; designating individuals as PNG (persona non grata) from campus; documented discussions; and termination of employment.

2. Complaints: Protected Ground



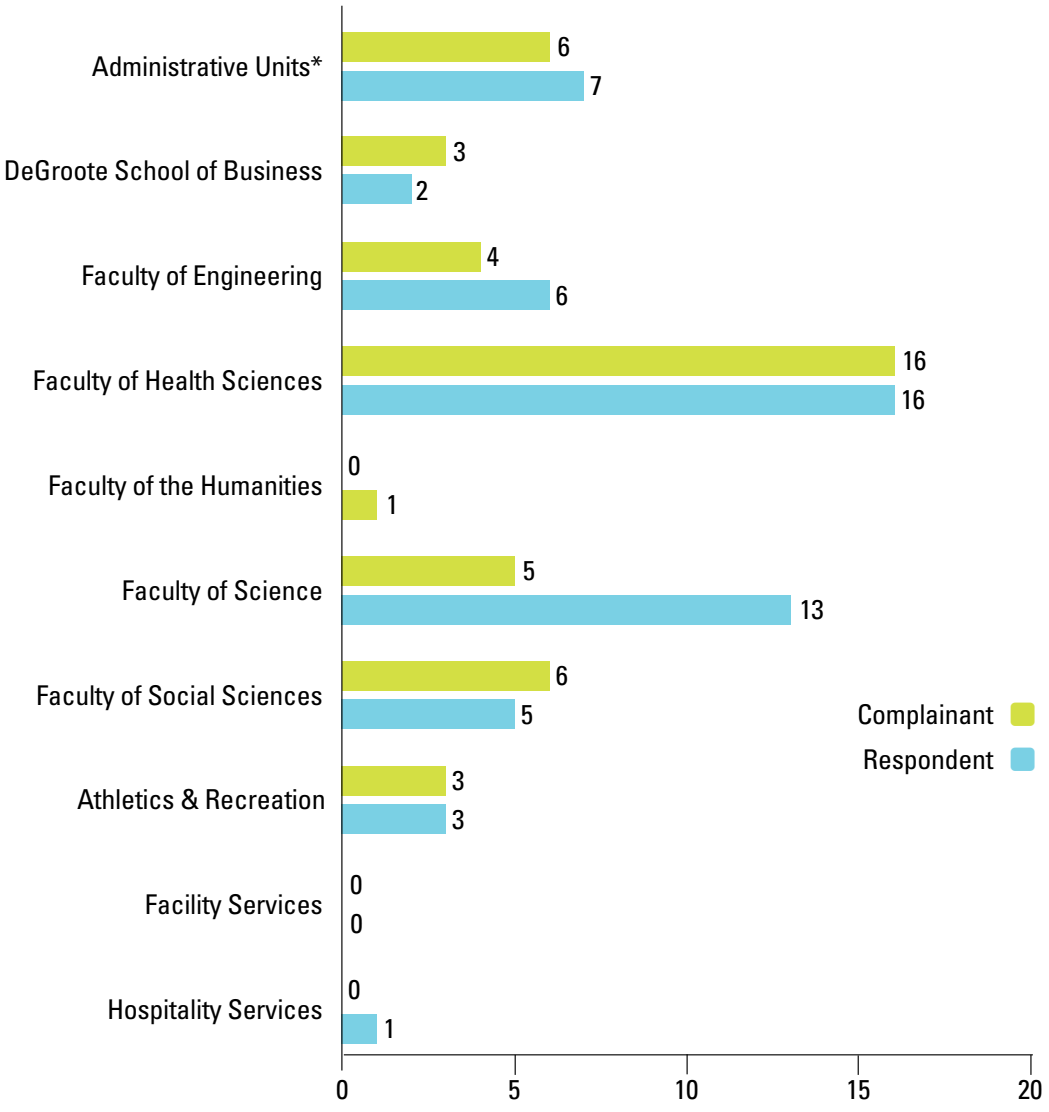
Note: Some complaints involve more than one ground.

3. Complaints: Participant Type



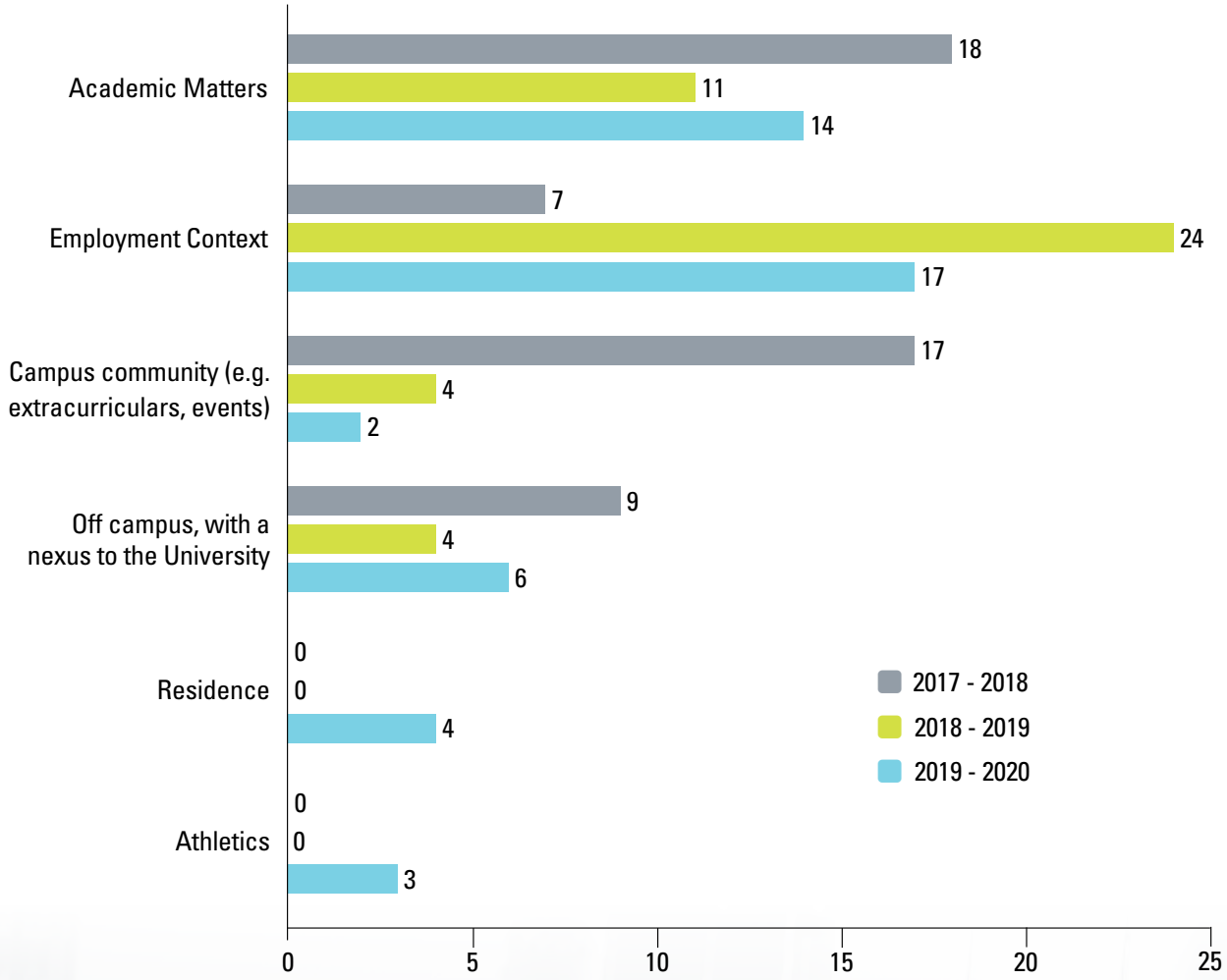
Note: Some complaints involve more than one complainant and/or respondent

4. Complaints: Faculty/Area of the University



*other than Hospitality and Facility Services

5. Complaints: Origin of the Concern



Consultations

As set out above, a consultation takes place when an individual seeks advice and/or guidance on a matter related to discrimination, harassment, and/or sexual violence from an Intake Office representative in one of the five Intake Offices on campus. Consultations are confidential, subject to limits of confidentiality, outlined in the Policies.

Numbers

For the 2019-20 academic year, the five Intake Offices recorded a total of 477 consultations, which is an increase from last year's number of 405.

Themes

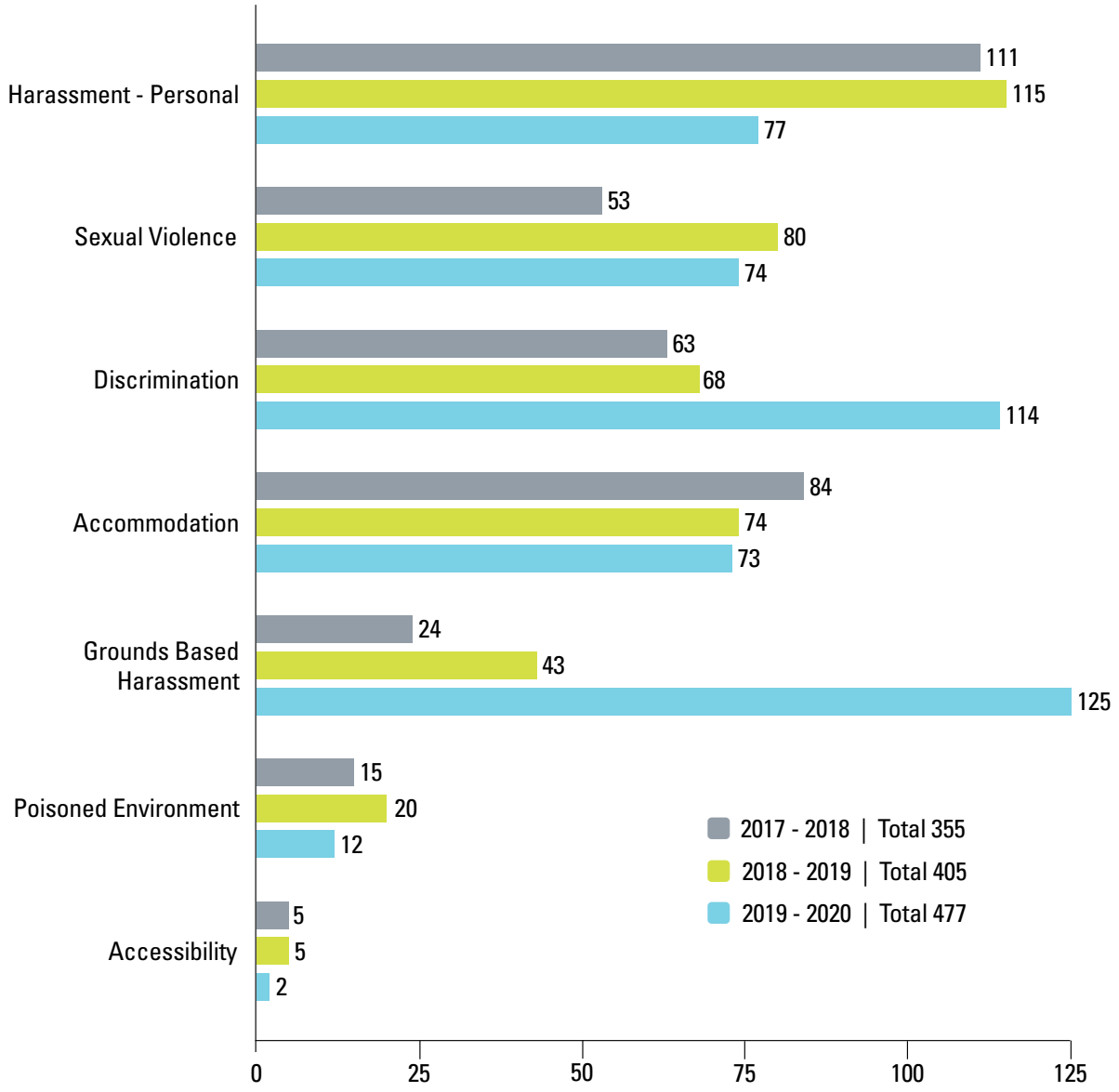
Over the past year, consultations on issues involving ancestry, colour and race more than tripled. While some of these numbers are no doubt attributed to the social events of the summer, the academic year started nine months prior and came to a close on August 31, 2020. As such, we believe other factors may be contributing to this increase including but not limited to McMaster's EDI training taking place across campus and EIO's focus on anti-racism education. It is fully anticipated that this upward trend will continue into next year.

Another notable change is an increase in consultations pertaining to discrimination and grounds-based harassment. Over the past several years, the prominent issue was personal harassment (i.e. non grounds-based harassment, e.g. workplace bullying), however, this year, those numbers have declined.

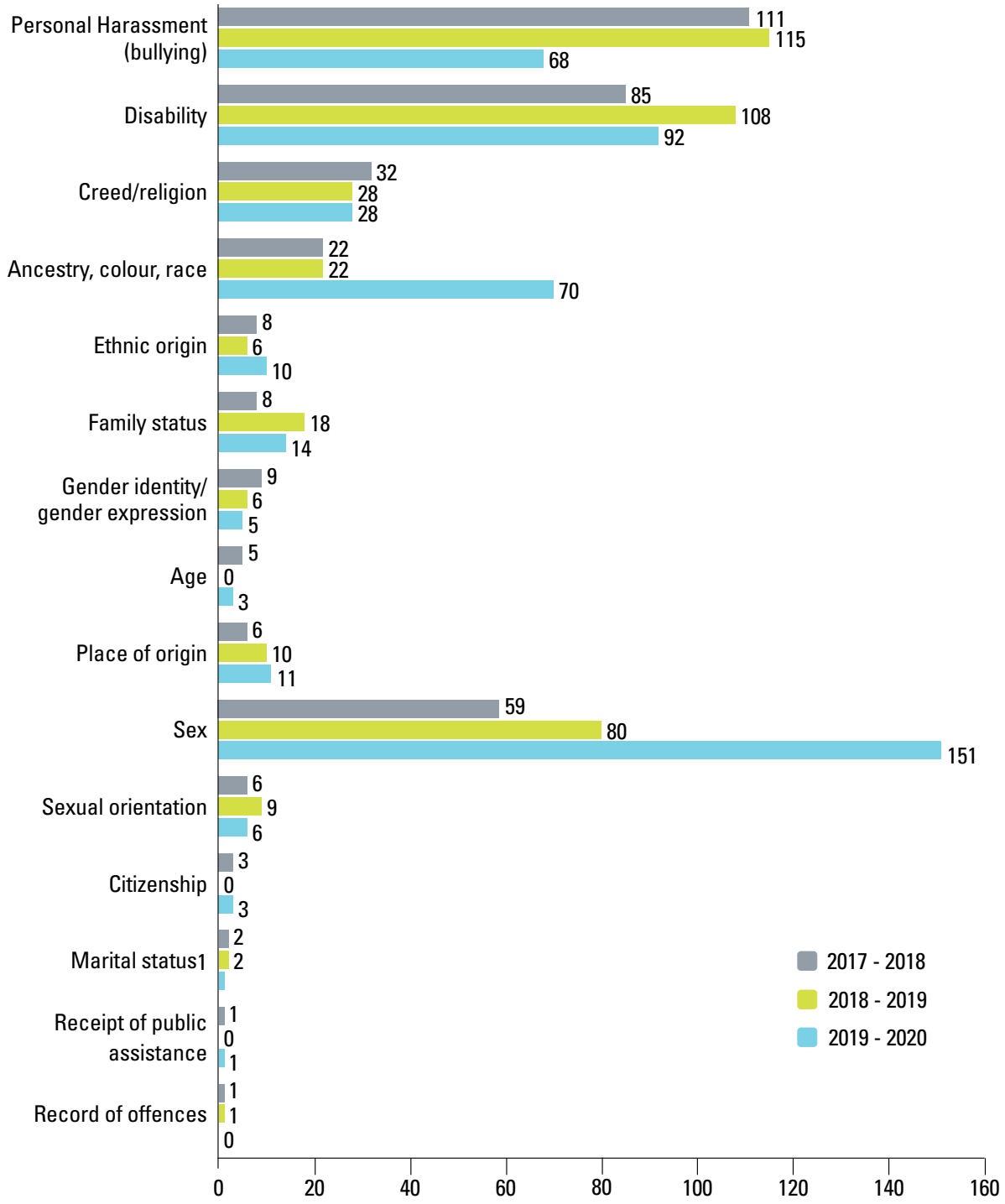
Top five grounds:

- disability,
- race,
- sex,
- non-ground based harassment (bullying, threatening, intimidating behaviour), and
- religion.

1. Consultations: Issue

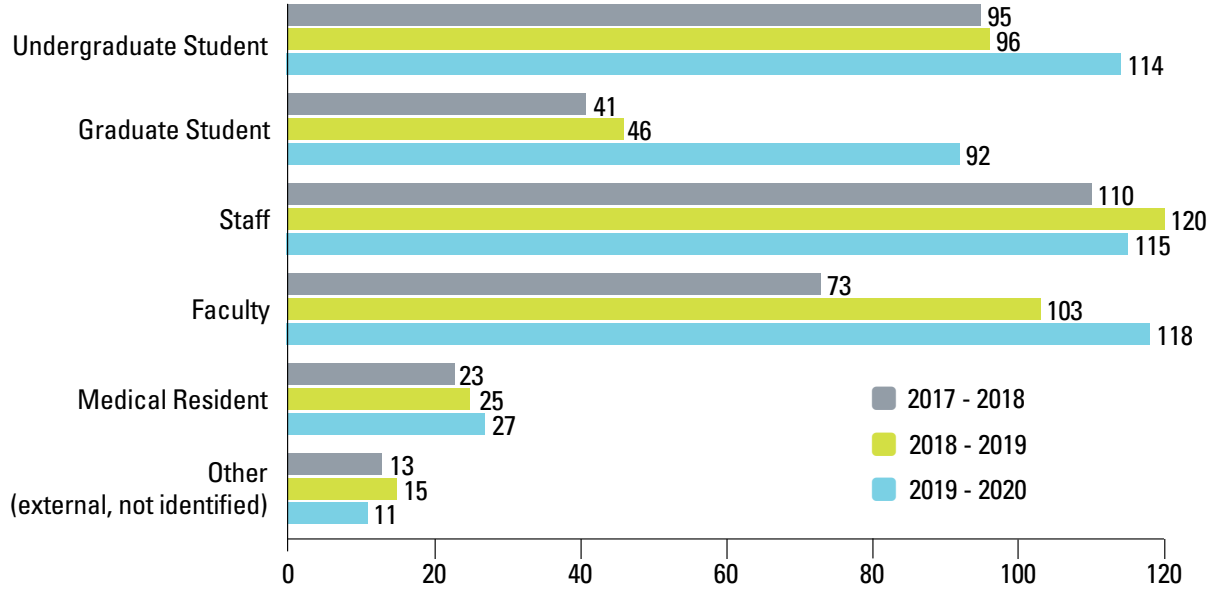


2. Consultations: Protected Ground

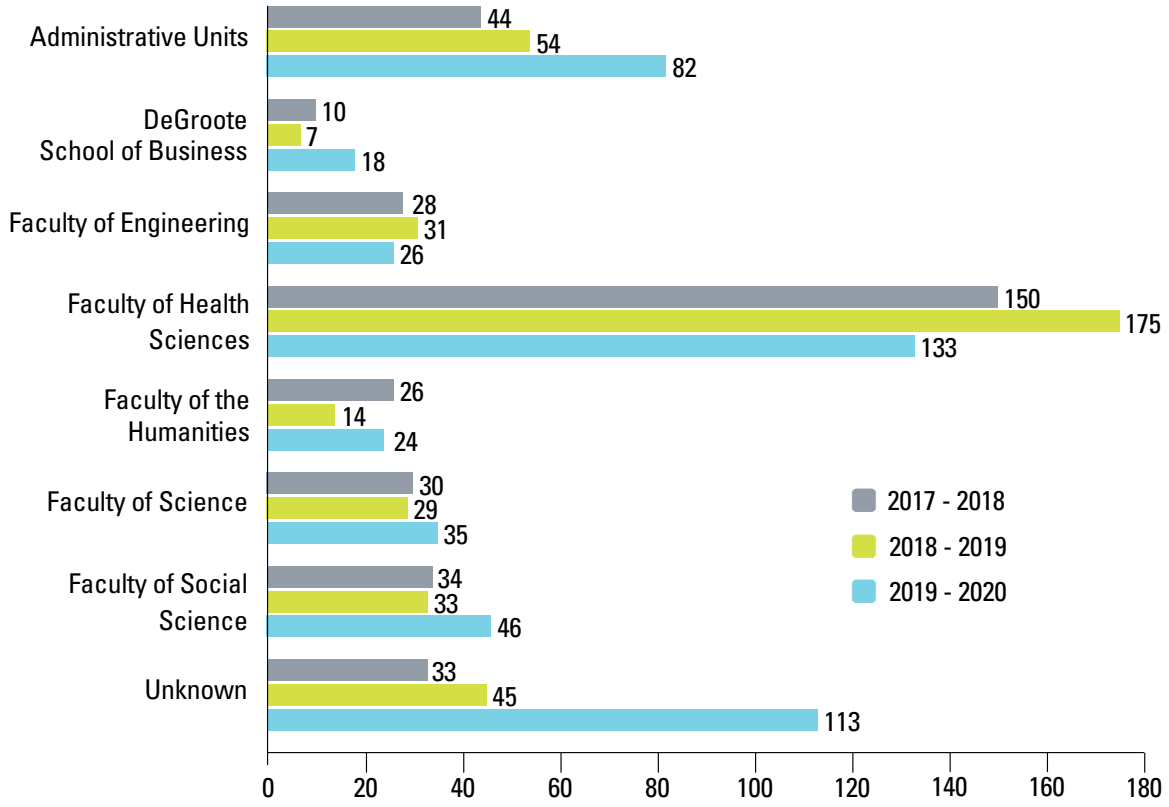


Note: Some consultations involve more than one ground.

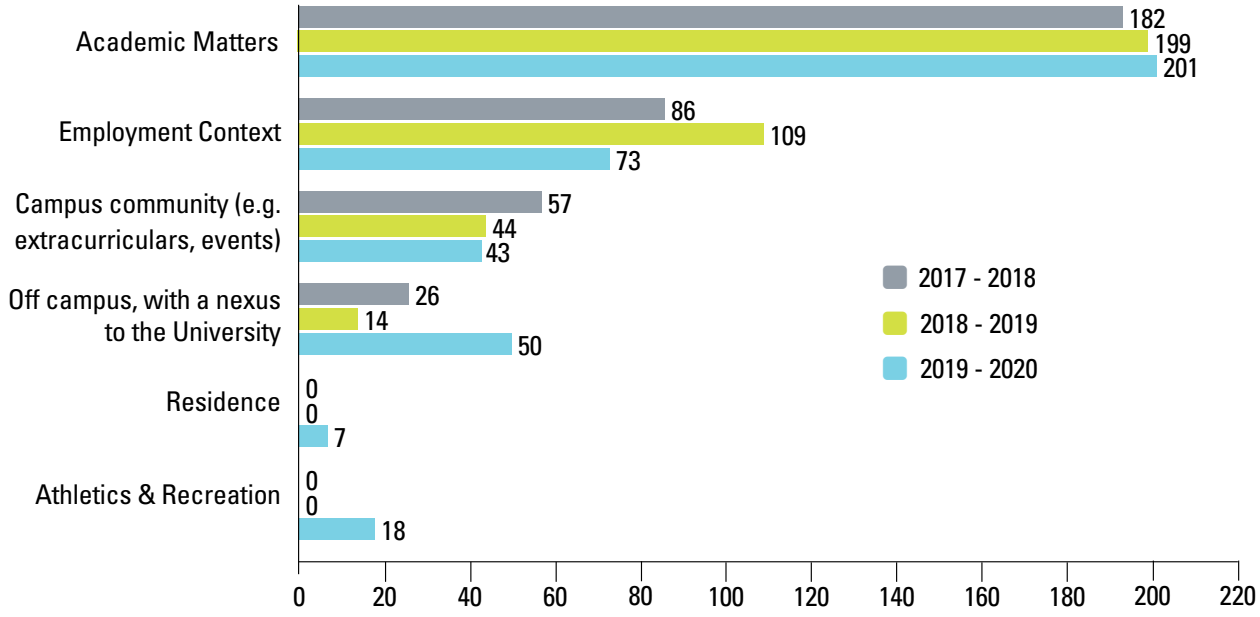
3. Consultations: Participant Type



4. Consultations: Faculty/Area of the University



5. Complaints: Origin of the Concern



Dispute Resolution

As indicated above, dispute resolution is a service provided by Intake Office representatives to facilitate the resolution of issues and concerns related to discrimination, harassment, and/or sexual violence. In previous annual reports, these matters were reported as informal resolutions and aggregated with consultations. Given the importance and unique nature of this work, it is important to reflect it separately.

Dispute resolution seeks to resolve matters in an efficient and amicable manner and, if successful, reduces the likelihood of a complaint being filed. Engagement in the process is voluntary, and parties may withdraw from the process at any point in time.

Situations involving human rights go to the very core of people's being; it is not surprising that addressing and assisting parties to work through such matters entails mediating emotionally charged, highly sensitive, and multifaceted interpersonal conflicts. The Intake Offices draw upon their acquired expertise in conflict coaching, negotiation, and other ADR techniques to facilitate the resolution of disputes.

2018-2019 Numbers

- For the 2019-2020 academic year, the four Intake Offices recorded a total of 122 dispute resolution matters. Year over year, we are seeing a steady increase in the number of matters being successfully resolved with the assistance of the Intake Offices:

Reporting year	2017 - 2018	2018 - 2019	2019 - 2020
Number of resolutions facilitated by Intake Offices	87	110	122

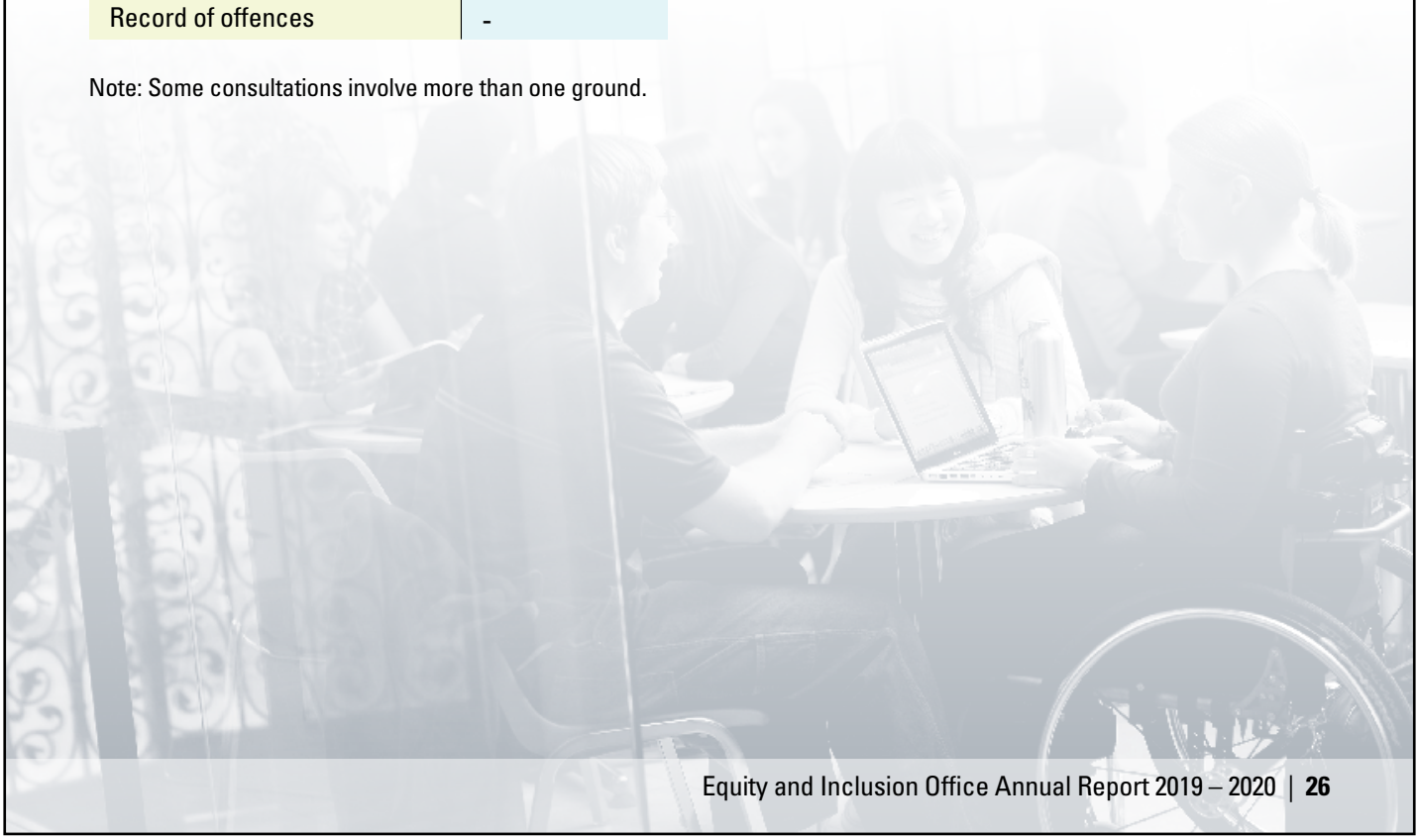
1. Dispute Resolution: Issue

Issue	2019 - 2020
Harassment - Personal	38
Sexual Violence	16
Discrimination	30
Accommodation	19
Grounds Based Harassment	17
Poisoned Environment	2
Accessibility	0
Total	**122**

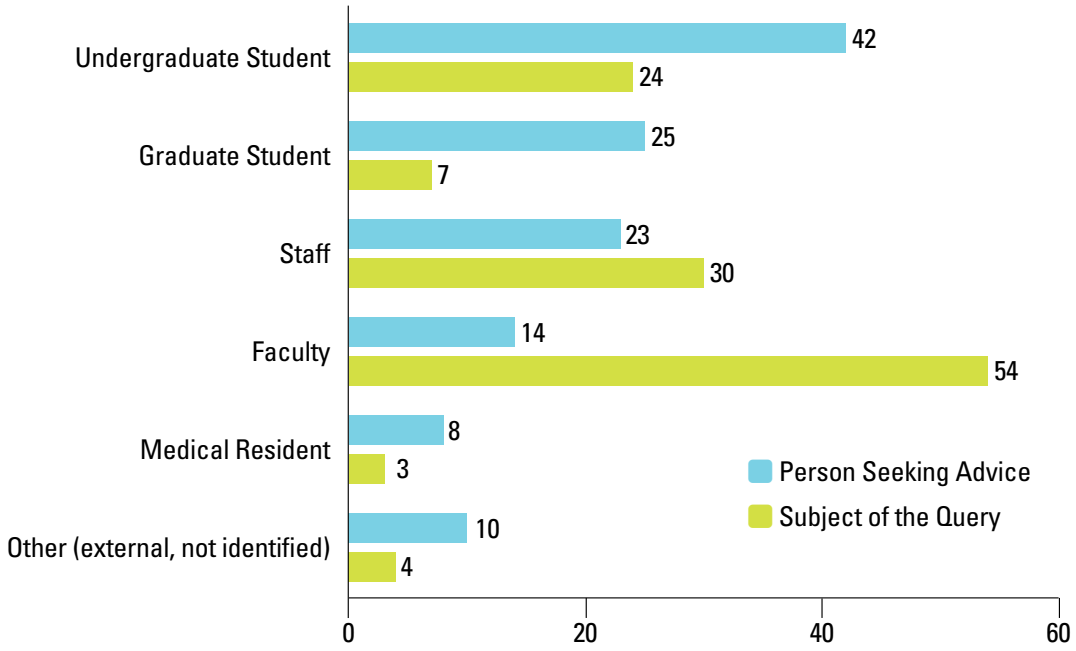
2. Dispute Resolution: Protected Grounds and Personal Harassment

Issue	2019 - 2020
Personal harassment (bullying)	35
Disability	30
Creed/religion	2
Ancestry, colour, race	26
Ethnic origin	3
Family status	5
Gender identity/ gender expression	1
Age	-
Place of origin	2
Sex	21
Sexual orientation	1
Citizenship	1
Marital status	-
Receipt of public assistance	-
Record of offences	-

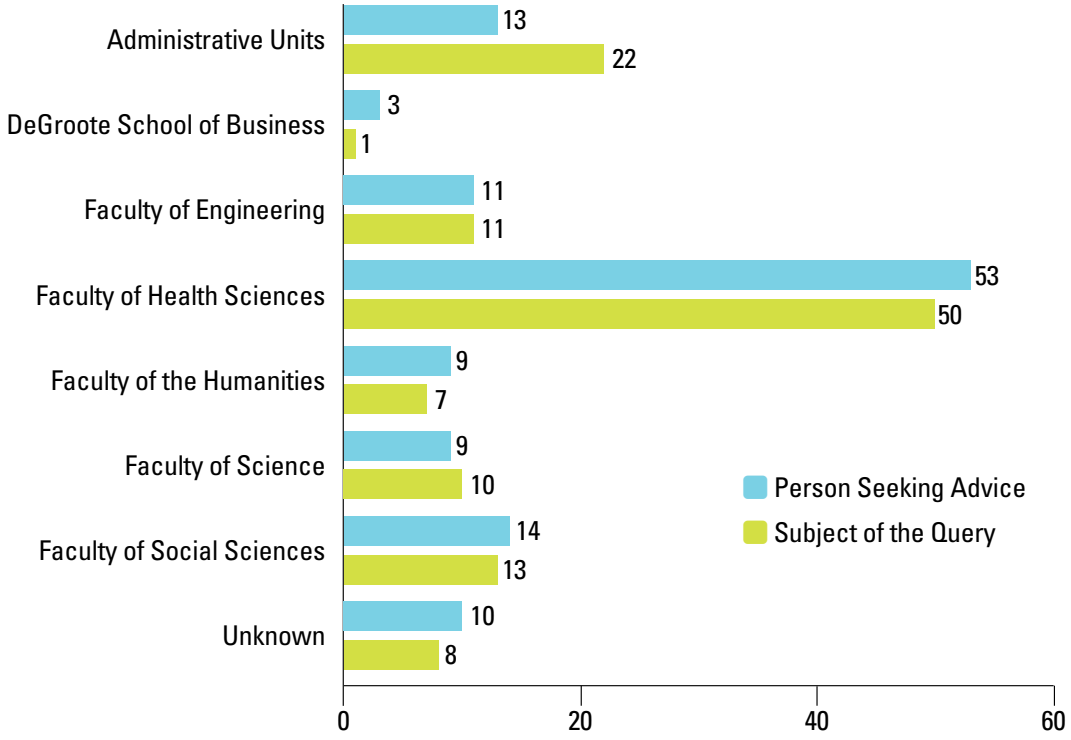
Note: Some consultations involve more than one ground.



3. Dispute Resolution: Participant Type



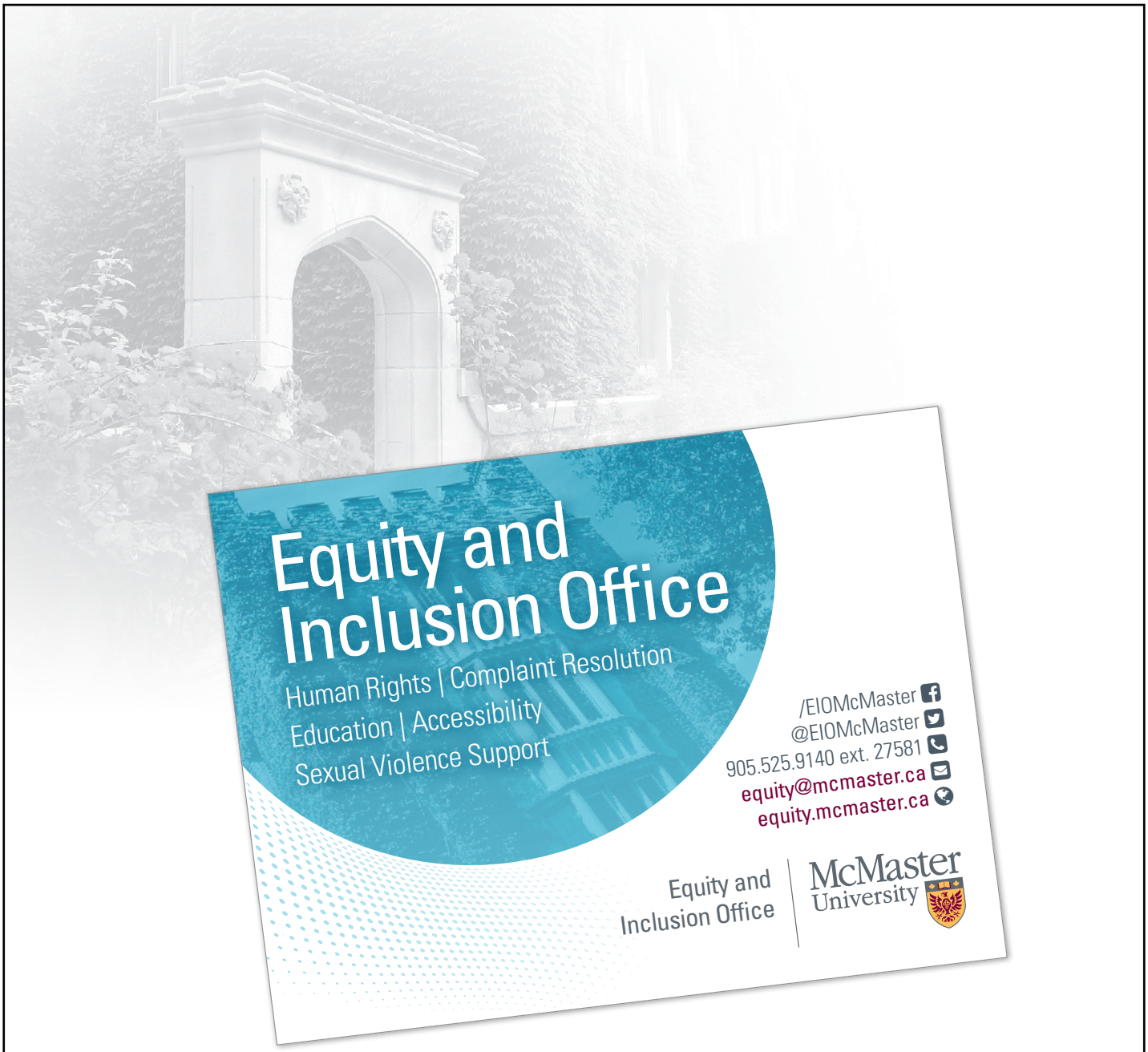
3. Dispute Resolution: Faculty/Area of the University



5. Dispute Resolution: Origin of the Concern

Issue	2019 - 2020
Academic matters	69
Employment context	32
Campus community (e.g. extracurriculars, events)	7
Off campus, with a nexus to the University	10
Residence	4
Varsity Athletics	0

- Non-grounds harassment (bullying, intimidation) and discrimination/accommodation matters relating to disability and race were the most common matters where individuals requested dispute resolution.
- Undergraduate students and staff were the most common groups requesting assistance to resolve an issue, while staff and faculty were the most common groups asked to participate in a process in order to resolve an issue.
- The majority of matters pertained to academics, followed by employment.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Equity and
Inclusion Office
McMaster
University

Full Time and Part Time Undergraduate Enrolment by Faculty and Level, as of November 1st.

FACULTY	2019/2020 Fall										2020/2021 Fall										
	Full Time							Part Time		Grand	Full Time							Part Time		Grand	Grand
	I	II	III	IV	V	OTHER	Total	Total	Total	Total	I	II	III	IV	V	OTHER	Total	Total	Total	Total	Total Δ in %
BUSINESS	945	813	773	742		60	3333	63	63	**3396**	1067	930	824	851		2	3674	67	67	**3741**	**10.2%**
BACHELOR OF TECHNOLOGY	285	215	321	439			1260	257	257	**1517**	254	275	400	502			1431	265	265	**1696**	**11.8%**
CHEMICAL ENGINEERING		77	72	109	45		303	5	5	**308**		90	79	88	37		294	9	9	**303**	**-1.6%**
CIVIL ENGINEERING		146	107	123	32		408	9	9	**417**		134	140	149	31		454	4	4	**458**	**9.8%**
COMPUTING & SOFTWARE	85	250	256	254	42		887	29	29	**916**	132	262	260	299	36		989	37	37	**1026**	**12.0%**
ELECTRICAL & COMPUTER ENGINEERING		268	246	222	31		767	17	17	**784**		239	277	293	33		842	30	30	**872**	**11.2%**
ENGINEERING PHYSICS		67	45	47	10		169			**169**		62	64	49	6		181	6	6	**187**	**10.7%**
FACULTY OF ENGINEERING	910	4	1			41	956	13	13	**969**	1079					1	1080	20	20	**1100**	**13.5%**
IBEHS	146	148	107				401	1	1	**402**	190	148	143	89			570	1	1	**571**	**42.0%**
MATERIAL SCIENCE & ENGINEERING		47	33	39	5		124	2	2	**126**		45	46	42	4		137	5	5	**142**	**12.7%**
MECHANICAL ENGINEERING		150	142	148	52		492	8	8	**500**		179	150	184	48		561	19	19	**580**	**16.0%**
ENGINEERING TOTAL	1426	1372	1330	1381	217	41	5767	341	341	**6108**	1655	1434	1559	1695	195	1	6539	396	396	**6935**	**13.5%**
ANAESTHESIOLOGY						61	61			**61**						56	56			**56**	**-8.2%**
BACHELOR HEALTH SCIENCES	263	253	253	222		3	994	3	3	**997**	274	267	254	210			1005	6	6	**1011**	**1.4%**
BIOCHEMISTRY & BIOMEDICAL SCI			57	50			107	1	1	**108**			57	56			113			**113**	**4.6%**
COLLABORATIVE NURSING	261	406	300	344			1311	42	42	**1353**	246	409	350	297			1302	41	41	**1343**	**-0.7%**
FAMILY MEDICINE						232	232			**232**						222	222			**222**	**-4.3%**
HEALTH RESEARCH METHODS, EVIDENCE AND IMPACT						2	2			**2**						2	2			**2**	**0.0%**
HONOURS BIOLOGY & PHARMACOLOGY (BIOPHARM)			22		5		27			**27**			16	5	13		34			**34**	**25.9%**
MEDICINE						342	342			**342**						345	345			**345**	**0.9%**
MIDWIFERY	25	29	26	29			109	1	1	**110**	31	31	27	26			115			**115**	**4.5%**
MULTIPLE DEPARTMENTS						4	4			**4**						4	4			**4**	**0.0%**
OBSTETRICS & GYNECOLOGY						49	49			**49**						45	45			**45**	**-8.2%**
ONCOLOGY						29	29			**29**						27	27			**27**	**-6.9%**
PATHOLOGY & MOLECULAR MEDICINE						30	30			**30**						24	24			**24**	**-20.0%**
PEDIATRICS						121	121			**121**						103	103			**103**	**-14.9%**
PHYSICIAN ASSISTANT EDUCATION PROGRAM	25	24					49			**49**	24	23					47			**47**	**-4.1%**
PSYCHIATRY & BEHAVIOURAL NEUROSCIENCES						63	63			**63**						52	52			**52**	**-17.5%**
RADIOLOGY						45	45			**45**						45	45			**45**	**0.0%**
SCHOOL OF MEDICINE	204	204	202				610			**610**	204	205	213				622			**622**	**2.0%**
SCHOOL OF NURSING	129	129	177	193		2	630	14	14	**644**	135	131	230	172		5	673	20	20	**693**	**7.6%**
SURGERY						188	188			**188**						187	187			**187**	**-0.5%**
HEALTH SCI TOTAL	907	1045	1037	838	5	1171	5003	61	61	**5064**	914	1066	1147	766	13	1117	5023	67	67	**5090**	**0.5%**
ART	26	25	21	18			90	3	3	**93**	28	26	17	21			92	1	1	**93**	**0.0%**
ART HISTORY		10	9	7			26	5	5	**31**		7	9	8			24	6	6	**30**	**-3.2%**
CLASSICS		9	14	10			33	4	4	**37**		15	9	12			36	7	7	**43**	**16.2%**
COMMUNICATION STUDIES		59	95	98			252	8	8	**260**		101	71	87			259	13	13	**272**	**4.6%**
ENGLISH		73	68	56			197	18	18	**215**		64	70	49			183	28	28	**211**	**-1.9%**
FACULTY OF HUMANITIES	505	104	11			29	649	35	35	**684**	548	49	15			5	617	51	51	**668**	**-2.3%**
FRENCH		12	15	12			39	4	4	**43**		6	9	16			31	5	5	**36**	**-16.3%**
HISTORY		46	63	39			148	13	13	**161**		75	47	49			171	23	23	**194**	**20.5%**
LINGUISTICS		60	46	55			161	8	8	**169**		39	60	51			150	12	12	**162**	**-4.1%**
MULTIMEDIA		28	19	15			62	3	3	**65**		24	28	19			71	4	4	**75**	**15.4%**
MUSIC	27	12	20	18			77	5	5	**82**	28	18	14	16			76	9	9	**85**	**3.7%**
OFFICE OF INTERDISC ST		10	6	5			21			**21**		4	10	6			20	3	3	**23**	**9.5%**
PHILOSOPHY		114	122	62			298	16	16	**314**		99	97	93			289	20	20	**309**	**-1.6%**
THEATRE & FILM STUDIES		25	19	14			58	6	6	**64**		28	14	10			52	3	3	**55**	**-14.1%**
HUMANITIES	558	587	528	409	0	29	2111	128	128	**2239**	604	555	470	437	0	5	2071	185	185	**2256**	**0.8%**

FACULTY	2019/2020										2020/2021										
	Fall										Fall										
	Full Time							Part Time		Grand	Full Time							Part Time		Grand	Grand
	I	II	III	IV	V	OTHER	Total	Total	Total	Total	I	II	III	IV	V	OTHER	Total	Total	Total	Total	Total Δ in %
BIOLOGY		220	270	248	3		741	4	4	**745**		295	205	278	2		780	13	13	**793**	**6.4%**
CHEMISTRY AND CHEMICAL BIOLOGY		85	73	62	2		222	5	5	**227**		77	79	83	4		243	4	4	**247**	**8.8%**
FACULTY OF SCIENCE	1802	231	130	110		56	2329	61	61	**2390**	1996	232	129	88	2	54	2501	107	107	**2608**	**9.1%**
GEOGRAPHY & EARTH SCIENCES		53	62	53	3		171	7	7	**178**		60	62	58	2		182	15	15	**197**	**10.7%**
INTEGRATED SCIENCE (ISCI)		3	2	3			8			**8**		7	3	1			11	1	1	**12**	**50.0%**
KINESIOLOGY	209	241	164	218			832	7	7	**839**	271	200	228	188			887	8	8	**895**	**6.7%**
MATHEMATICS AND STATISTICS		245	230	182	1		658	11	11	**669**		357	247	215	10		829	30	30	**859**	**28.4%**
PHYSICS & ASTRONOMY		44	44	39			127	3	3	**130**		58	45	50	6		159	5	5	**164**	**26.2%**
PSYCHOLOGY NEUROSCIENCE & BEHAVIOUR		183	222	206			611	11	11	**622**		231	219	234			684	18	18	**702**	**12.9%**
SCHOOL OF INTERDISCIPLINARY SCIENCE	163	550	532	554	4		1803	15	15	**1818**	163	693	527	557	7		1947	20	20	**1967**	**8.2%**
SCIENCE	2174	1855	1729	1675	13	56	7502	124	124	**7626**	2430	2210	1744	1752	33	54	8223	221	221	**8444**	**10.7%**
ANTHROPOLOGY		66	66	59			191	13	13	**204**		70	66	44			180	18	18	**198**	**-2.9%**
ECONOMICS	99	194	206	100			599	24	24	**623**	195	191	196	100			682	45	45	**727**	**16.7%**
GEOGRAPHY & EARTH SCIENCES		43	40	33			116	5	5	**121**		6	33	25			64	5	5	**69**	**-43.0%**
HEALTH AGING AND SOCIETY	45	75	93	94			307	8	8	**315**	78	94	88	81			341	11	11	**352**	**11.7%**
INDIGENOUS STUDIES PROGRAMME		14	9	6			29	7	7	**36**		7	14	8			29	4	4	**33**	**-8.3%**
LABOUR STUDIES		28	44	19			91	14	14	**105**		22	33	30			85	10	10	**95**	**-9.5%**
POLITICAL SCIENCE		201	186	135			522	16	16	**538**		220	200	152			572	23	23	**595**	**10.6%**
PSYCHOLOGY NEUROSCIENCE & BEHAVIOUR		102	95	45			242	11	11	**253**		120	88	33			241	31	31	**272**	**7.5%**
RELIGIOUS STUDIES		3	11	6			20	5	5	**25**		3	7	6			16	6	6	**22**	**-12.0%**
SCHOOL OF EARTH, ENVIRONMENT & SOCIETY												45	10	2			57	2	2	**59**	**-**
SCHOOL OF SOCIAL WORK		57	63	42			162	21	21	**183**		60	58	34			152	22	22	**174**	**-4.9%**
SOCIAL PSYCHOLOGY		111	90	77			278	5	5	**283**		113	107	93			313	13	13	**326**	**15.2%**
SOCIAL SCIENCE	1089	132	21			35	1277	53	53	**1330**	1083	99	23			10	1215	72	72	**1287**	**-3.2%**
SOCIOLOGY		147	132	83			362	18	18	**380**		134	159	73			366	51	51	**417**	**9.7%**
SOCIAL SCIENCES	1233	1173	1056	699	0	35	4196	200	200	**4396**	1356	1184	1082	681	0	10	4313	313	313	**4626**	**5.2%**
ARTS & SCIENCE	62	67	52	78		1	260	5	5	**265**	90	60	65	59		5	279	4	4	**283**	**6.8%**
DIVINITY	13	11				13	37	145	145	**182**	10	21	8			10	49	109	109	**158**	**-13.2%**
GRAND TOTAL	**7318**	**6923**	**6505**	**5822**	**235**	**1406**	**28209**	**1067**	**1067**	**29276**	**8126**	**7460**	**6899**	**6241**	**241**	**1204**	**30171**	**1362**	**1362**	**31533**	**7.7%**

Note 1: Undergraduate Headcount enrolment includes Fall as reported to MCU on each year.
Note 2: Headcount Total excludes students on Co-op work term.
Note 3: Faculty of Engineering Other includes: Continuing Student-Engineering, Exchange Student (Incoming)-EN, LOP (Incoming)-EN, LOP/Visiting (Incoming)-EN, Transition Student-Engineering.
Note 4: Effective Summer 2015, McMaster's definition of a part time student chagned from 12 units to 9 units per four month term.
Note 5: Headcounts are presented by department where available.

SOURCE: STUDENT RECORDS DATABASE (PeopleSoft Campus Solutions)
PREPARED BY THE OFFICE OF INSTITUTIONAL RESEARCH AND ANALYSIS

Enrolment Management Update
Headcounts of Level 1 students

FACULTY\PROGRAM			2019												2020											
			Total Target	101			105			Grand Total	RETURNING			Grand Total - Target	Total Target	101			105			Grand Total	RETURNING			Grand Total - Target
				Full-Time	Part-Time	Total	Full-Time	Part-Time	Total		Full-Time	Part-Time	Total			Full-Time	Part-Time	Total	Full-Time	Part-Time	Total		Full-Time	Part-Time	Total	
ARTS & SCIENCE PROGRAM	Arts & Science 1	ASCIENCE1	71	52		52	9		9	61	1	1	2	-10	72	67		67	21		21	88	2		2	16
	Total		71	52		52	9		9	61	1	1	2	-10	72	67		67	21		21	88	2		2	16
FACULTY OF BUSINESS	Business 1	BUSINESS1	724	614	2	616	105		105	721	161	5	166	-3	717	715		715	119	2	121	836	168	11	179	119
	Integrated Business&Humanities	HIBH	50	45		45	4		4	49	2		2	-1	61	48		48	5		5	53	2		2	-8
	Transition Student-Business	TRANSSB									14	1	15	0									10	1	11	0
	Total		774	659	2	661	109		109	770	177	6	183	-4	778	763		763	124	2	126	889	180	12	192	111
FACULTY OF ENGINEERING	B Tech 1 - BioTechnology CO-OP	BTECH_BIO1	37	58		58	10		10	68	6		6	31	43	27		27	14		14	41	5	1	6	-2
	BTech1-Auto&Veh Eng Tech CO-OP	BTECH_AVT1	80	80		80	8		8	88	12	1	13	8	74	74		74	16	1	17	91	9	1	10	17
	BTech1-Automatn Eng Tech CO-OP	BTECH_PA1	83	89		89	7		7	96	15	1	16	13	87	73		73	14		14	87	22		22	0
	Computer Science 1	COMPSCI1	50	7		7	4		4	11	1		1	30	100	6		6	6		6	12	3	1	4	23
	Computer Science 1 CO-OP	COMPSCICO1		41		41	27	1	28	69	5	1	6			64		64	47		47	111	6	1	7	
	Engineering 1	ENGINEER1	825	65	1	66	25		25	91	24		24	-34	827	106	1	107	36	1	37	144	21	1	22	192
	Engineering 1 CO-OP	ENGINEERC1		568		568	132		132	700	93	7	100			766	1	767	107	1	108	875	43	7	50	
	Integr Biomed Eng&Hth Sc1CO-OP	IBEHSC1	145	117		117	5		5	122	3		3	-3	144	146		146	13		13	159	1		1	45
	Integrated Biomed Eng & HthSc1	IBEHS1		18		18	2		2	20	1	1	2			22		22	8		8	30				
	Transition Student-Engineering	TRANSEN									3	1	4	0										1	1	0
	Total		1220	1043	1	1044	220	1	221	1265	163	12	175	45	1275	1284	2	1286	261	3	264	1550	110	13	123	275
FACULTY OF HEALTH SCIENCES	Bach. of Health Sciences Hon	BHSCH	242	230		230	29		29	259	4		4	17	250	231		231	39		39	270	4	1	5	20
	Total		242	230		230	29		29	259	4		4	17	250	231		231	39		39	270	4	1	5	20
FACULTY OF HUMANITIES	Humanities 1	HUM1	444	342	1	343	77	3	80	423	86	5	91	-21	441	350		350	110	7	117	467	88	9	97	26
	Music 1	MUSIC1	20	19		19	2	1	3	22	6		6	2	22	19		19	5		5	24	4	2	6	2
	Studio Art 1	STUDIOART1	26	16		16	6		6	22	4	1	5	-4	26	17		17	5	1	6	23	6		6	-3
	Total		490	377	1	378	85	4	89	467	96	6	102	-23	489	386		386	120	8	128	514	98	11	109	25
FACULTY OF SCIENCE	Chemical &Physical Sci Gateway	PHYSALSCI1	92	91		91	20		20	111	20	1	21	19	95	74		74	9		9	83	15	2	17	-12
	Enviro & Earth Sci Gateway	ENVEARTH1	55	67		67	16		16	83	7	1	8	28	78	50	1	51	12		12	63	7		7	-15
	Integrated Science	HINTEGSCI	60	49		49	6		6	55				-5	60	49		49	4		4	53				-7
	Kinesiology	HKINESIOL	200	186		186	19		19	205	4		4	5	220	245	2	247	20		20	267	6		6	47
	Life Sciences Gateway	LIFESCI1	990	1082	1	1083	82		82	1165	41	3	44	175	1059	1273	3	1276	132	2	134	1410	43	1	44	351
	Math & Statistics Gateway	MATHSTAT1	238	180	1	181	97		97	278	99		99	40	225	198	1	199	74		74	273	109	6	115	48
	Medical Radiation Sciences	MEDRADSCI	110	90		90	11		11	101	7		7	-9	114	100		100	9		9	109	1		1	-5
	Total		1745	1745	2	1747	251		251	1998	178	5	183	253	1851	1989	7	1996	260	2	262	2258	181	9	190	407
FACULTY OFSOCIAL SCIENCES	Economics 1	ECONOMICS1	125	68		68	31		31	99				-26	127	98		98	36	1	37	135	61	4	65	8
	Health and Society 1	HHLTHSCTY1	60	43		43	2		2	45				-15	53	65	1	66	7		7	73	6		6	20
	Social Sciences 1	SOCSCI1	777	731	2	733	166	3	169	902	192	22	214	125	830	805	5	810	165	2	167	977	113	19	132	147
	Total		962	842	2	844	199	3	202	1046	192	22	214	84	1010	968	6	974	208	3	211	1185	180	23	203	175
MIDWIFERY	Midwifery	MIDWIFERY	30				24		24	24	1		1	-6	30				26		26	24	5		5	-6
	Total		30				24		24	24	1		1	-6	30				26		26	24	5		5	-6
SCHOOL OF NURSING	Nursing - McMaster	NURS_MCM	121	115		115	7		7	122	7	2	9	1	122	112		112	11	2	13	125	12	1	13	3
	Total		121	115		115	7		7	122	7	2	9	1	122	112		112	11	2	13	125	12	1	13	3
Grand Total			5688	5063	8	5071	933	8	941	6012	819	54	873	324	5877	5800	15	5815	1070	20	1090	6905	772	70	842	1028

Note 1: 101 - students registered in previous academic year at Ontario Secondary School
Note 2: 105 - all other applicants including students that came indirectly from an Ontario Secondary School
Note 3: Returning - internal transfers, students repeating Level 1, students readmitted, and students with course deficiency
Note 4: Headcounts as of November 1 and as reported to MCU.
Note 5: Headcounts exclude Divinity, Mohawk & Conestoga Nursing.
Source: Student Records Database.
PREPARED BY THE OFFICE OF INSTITUTIONAL RESEARCH AND ANALYSIS
UPDATED ON: 05NOV2020

Total Graduate Headcount Enrolment by Faculty and Department, as of November 1, 2019-2020 to 2020-2021

FACULTY/DEPARTMENT		Full Time						Part Time						CO-OP Work Term			
		DOCTORAL		MASTERS		DIP/CERT		DOCTORAL		MASTERS		DIP/CERT		DOCTORAL		MASTERS	
		2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021
BUSINESS	BUSINESS	78	83			17	2	5	6			1					
	EMBA			23	23					1							
	FINANCE			129	95												
	MBA			344	383					174	266					110	109
	TOTAL	78	83	496	501	17	2	5	6	175	266	1				110	109
ENGINEERING	BIOMEDICAL ENGINEERING	36	40	28	35						1						
	CHEMICAL ENGINEERING	62	66	34	30			2	1								
	CIVIL ENGINEERING	58	60	25	30			3	3	5	4				1		
	COMPUTING AND SOFTWARE	50	49	69	59			7	5	5	5			2		1	7
	ELECTRICAL AND COMPUTER ENGINEERING	93	109	86	65			2	2	6	9			2	1	5	7
	ENGINEERING PHYSICS	40	43	32	21			2	1	8	3						2
	ENGINEERING PRACTICE			209	126					12	20					13	5
	FACULTY OF ENGINEERING					47	10					1					
	MATERIAL SCIENCE & ENGINEERING	45	46	14	13					2	2					1	
	MECHANICAL ENGINEERING	81	70	51	46			5	4	4	2					1	2
	TOTAL	465	483	548	425	47	10	21	16	42	46	1		4	2	21	23
HEALTH SCIENCES	BIOCHEMISTRY	85	82	52	50												
	BIOMEDICAL DISCOVERY AND COMMERCIALIZATION			35	33												
	CLINICAL BEHAVIOURAL SCIENCE											11	3				
	EHEALTH			63	64					25	28						
	FACULTY OF HEALTH SCIENCES					5	4					7	2				
	GLOBAL HEALTH		11	114	122												
	HEALTH MANAGEMENT			19	13					132	137						
	HEALTH POLICY	29	24														
	HEALTH RESEARCH METHODOLOGY	67	68	75	69			24	23	32	26	50	61				
	HEALTH SCIENCE EDUCATION			20	14					39	28						
	MEDICAL SCIENCES	72	77	99	90					1	1						
	NEUROSCIENCE	30	39	30	25					1	2						
	NURSING	13	15	82	93	2	4	4	3	21	17						
	OCCUPATIONAL THERAPY			129	127												
	PEDIATRICS			30	31					12	9						
	PHYSIOTHERAPY			123	127												
	PSYCHIATRY & BEHAVIOURAL NEUROSCIENCES				16												
	PUBLIC HEALTH			52	52					9	5						
	REHABILITATION SCIENCE	28	34	78	78			7	10	53	58						
	SCHOOL OF MEDICINE	1	2														
	TOTAL	325	352	1001	1004	7	8	35	36	325	311	68	66				
HUMANITIES	CLASSICS	9	11	10	13												
	COMMUNICATION MANAGEMENT			1	1					41	45						
	COMMUNICATION STUDIES & MULTIMEDIA	12	17	14	10												
	ENGLISH	51	48	32	27						1						
	FACULTY OF HUMANITIES					7	1										
	FRENCH	13	15	3	3												
	HISTORY	28	30	15	17			2	1		1						
	INTERDISCIPLINARY STUDIES			12	8						2						
	LINGUISTICS AND LANGUAGES	12	9	11	9												
	PHILOSOPHY	34	29	20	18					2	2						
	TOTAL	159	159	118	106	7	1	2	1	43	51						
INTERDISCIPLINARY	INTERDISCIPLINARY (RESEARCH)					1											
	TOTAL					1											
SCIENCE	BIOLOGY	36	36	50	38					1	1						
	CHEMICAL BIOLOGY	12	17	17	14												
	CHEMISTRY	46	48	21	23			1									
	COMPUTATIONAL SCIENCE AND ENGINEERING	14	17	16	14			4	5	2	1						
	FACULTY OF SCIENCE					14	4						1				
	GEOGRAPHY AND EARTH SCIENCES	44	38	36	36			6	4	3	3						
	KINESIOLOGY	23	23	22	28			2		1	1						
	MATH AND STATISTICS	32	35	53	43												
	MEDICAL PHYSICS	8	9	10	8				1	3	2						
	PHYSICS & ASTRONOMY	40	39	28	24												
	PSYCHOLOGY	71	75	27	26			1	1								
	TOTAL	326	337	280	254	14	4	14	11	10	8		1				

FACULTY/DEPARTMENT		Full Time						Part Time						CO-OP Work Term			
		DOCTORAL		MASTERS		DIP/CERT		DOCTORAL		MASTERS		DIP/CERT		DOCTORAL		MASTERS	
		2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021
SOCIAL SCIENCES	ANTHROPOLOGY	24	31	13	14			1	2								
	ECONOMICS	22	26	34	42			2	1							5	2
	FACULTY OF SOCIAL SCIENCES					5	1										
	GLOBALIZATION			13	18					1							
	HEALTH, AGING & SOCIETY	21	23	8	6					1	1						
	LABOUR STUDIES	8	9	13	13					2	1						
	POLITICAL SCIENCE	32	31	25	19					1	1						
	RELIGIOUS STUDIES	24	24	13	9												
	SOCIAL WORK	22	25	28	17	1				6	11	2	1				
	SOCIOLOGY	22	23	16	22												
	TOTAL	175	192	163	160	6	1	3	3	11	14	2	1			5	2
GRAND TOTAL		1528	1606	2606	2450	99	26	80	73	606	696	72	68	4	2	136	134

Note 1: Headcount is as of November 1st of each year and as reported to MCU.
Note 2: Headcount enrolment of McMaster interdisciplinary programs is counted under their designated associated Facutly.

SOURCE: STUDENT RECORDS DATABASE (PeopleSoft Campus Solutions)
PREPARED BY THE OFFICE OF INSTITUTIONAL RESEARCH AND ANALYSIS
UPDATED DATE:06NOV2020

UNIVERSITY SECRETARIAT
- Board of Governors
- Senate

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REPORT TO THE BOARD OF GOVERNORS
from the
PLANNING AND RESOURCES COMMITTEE

i. Centre for Continuing Education Fees

At its meeting on November 26, 2020, the Planning and Resources Committee reviewed and approved, for recommendation to the Board, the proposed Centre for Continuing Education Fees. The material was also approved by the Budget Committee and Student Fees Committee. Details of the proposed fees are contained in the circulated report.

It is now recommended,

that the Board of Governors approve the Centre for Continuing Education proposed tuition fees and the proposed tuition fee schedule for 2021/22, as circulated.

Board of Governors: FOR APPROVAL
December 17, 2020

McMaster University
BRIGHTER WORLD

Institutional Research and Analysis

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November 11, 2020

To: Planning and Resources Committee

From: Doug Welch and Sean Van Koughnett
Co-Chairs, University Student Fees Committee

Subject: Approval of 2021-2022 Centre for Continuing Education Fees

Recommendation

that the Planning and Resources Committee approve, for recommendation to the Board of Governors, the Centre for Continuing Education proposed tuition fees and the proposed tuition fee schedule for 2021/22, as circulated.

The Centre for Continuing Education (CCE) fees (attached memo dated October 2, 2020 and the Proposed Tuition Fee Schedule for 2021-2022) are submitted for your approval.

Following a presentation by CCE to University Student Fees Committee (USFC) on October 23, 2020, the USFC recommended approval of CCE proposed fees to the Budget Committee.

Following a presentation by Doug Welch, University Student Fees Committee (USFC) to Budget Committee on November 6, 2020, the Budget Committee approved the CCE proposed fees.

Please note that all CCE students pay the appropriate MAPS fee for the relevant year but this request for approval relates only to the CCE fees.

Centre for Continuing Education
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Ext. 24321
Fax 905.525.1690
www.mcmastercce.com

Date: October 02, 2020

To: McMaster University Student Fees Committee

From: Lorraine Carter, Director, Continuing Education

Re: Fees Submission for 2021-2022

Context

Continuing education at McMaster University is different from undergraduate education in several ways: the learner group served, kinds of programs offered, a need for flexibility to meet emerging market needs, and the ancillary status of McMaster Continuing Education.

Continuing Education continually explores and launches new programs based on market demand and trends. Given this goal, CCE offers two main kinds of programs:
i) academic programs that lead to certificates and diplomas that are reviewed and approved by Senate; and
ii) not-for-credit professional development programs.

The fees information provided here is ***strictly for courses and programs that lead to academic certificates and diplomas***.

Pricing Strategy for Certificate and Diploma Courses

When determining fees, CCE considers the following:

- University-level programs are generally more highly valued than programs offered by colleges and private education providers.
- Colleges offer options for those pursuing select professional certifications at significantly lower tuition fees than universities.
- Increases in earning potential for graduates vary by program.
- Higher demand courses can support higher fees.
- Niche or unique programs can support higher fees.
- Different course formats may warrant different fees.
- Affordability and accessibility for adult learners is a consideration.
- Employer tuition assistance is more common for some programs than others. Financial support by employers depends on diverse economic factors.

- There is almost no government funding for continuing education students.
- The cost of running the program is always a major consideration.
- The cost of programs offered by our most direct competitors (e.g., University of Toronto, Ryerson University, and York University) is always considered. We also consider the price points for comparable programs at select community colleges.

MAPS Fees

CCE always considers fees levied by the McMaster Association of Part-Time Students (MAPS) when establishing fees for CCE courses. MAPS fees are included in the published fees for courses and are, therefore, considered to be part of tuition when market comparators are examined. Because CCE's fees become effective on May 1st each year, they are approved by the Board before MAPS fees are approved. As a result, CCE uses the MAPS fee on a slip year basis.

MAPS fees **are not presented** for approval. They are included strictly for information purposes.

This Submission, 2021-2022

Please note that the fees for two new academic programs and increases for a number of existing programs are presented here. Information about programs where no changes are requested follows.

Fees for New Programs

1. McMaster Continuing Education is pleased to partner with McMaster School of Nursing to deliver a new program called Nursing Concepts in Continence Care to working nurses and other professionals in the health field. Fees are set to match the fees for these same courses when they are delivered to undergraduate students at McMaster. The fee for the four-unit course in the program is set at **$823.48 inclusive of the MAPS fee ($794.04 plus $29.44)**. The fee for three-unit courses is **$617.61 inclusive of the MAPS fee ($595.53 plus $22.08)**.

Increases for Existing Programs

1. Applied Clinical Research program is a strong program with enrollments continuing to increase. While one university and two colleges have reduced their course fees, we believe a 2% increase is appropriate. We are recommending a course fee of **$908.08 inclusive of the MAPS fee ($886.00 plus $22.08).**

2. An increase of 2.9% is requested for the courses in the Human Resources Management program. This fee positions the cost of the courses a little under what University of Toronto and York University charge. Although the course fees charged by the colleges and the Human Resources Professionals Association (HRPA) are less, this program continues to grow well. The requested course fee is **$771.08 inclusive of the MAPS fee ($749.00 plus $22.08).**

3. A 1% increase is recommended for the Risk Management courses. This minimal adjustment aligns our fee with course fees at University of Toronto ($795.00) and York University ($769.00) The requested fee is **$772.06 inclusive of the MAPS fee ($749.98 plus $22.08).**

4. A 1% increase is recommended for the courses in the Business Administration program. This minimal adjustment aligns our fee with course fees at University of Toronto ($795.00) and York University ($769.00). The requested fee is **$730.85 inclusive of the MAPS fee ($708.77 plus $22.08).**

5. An increase of 1% is requested for our Marketing courses. This minimal adjustment aligns our fee with course fees at University of Toronto ($795.00) and York University ($769.00). The adjusted fee is **$730.85 inclusive of the MAPS fee ($708.77 plus $22.08).**

No Increases for Existing Programs

1. The Associateship in Canadian Surety Bonding Certificate, offered in collaboration with the Surety Association of Canada, was launched in January 2020. We are not recommending an increase at this time. We may consider one in 2022-2023 after we have a better sense of enrollment patterns. Courses in the program will be priced at **$806.16 inclusive of the MAPS fee ($784.08 plus $22.08).**

2. Professional Communication in the Canadian Workplace is also a new program which supports the communication development of persons whose first language may not be English for success in the Canadian workplace. The proposed price **$710.08 inclusive of the MAPS fee ($688.00 plus $22.08).**

3. An increase of 2.2% was made in 2020-2021 for the Preparatory Accounting courses. Given the low cost and even free nature of these courses at some post-secondary institutions, it is important to keep these courses under $500. For these reasons, we are recommending no increase. The course fee, therefore, would be **$479.54 inclusive of the MAPS fee ($468.50 plus $11.94)**.

4. An increase of 4% for Accounting courses was also made in 2020-2021 for these courses. Given that some institutions have reduced their fees for comparable courses (University of Guelph, $683.00 and Sheridan, $552.00), we are not requesting a fee change for 2021-2022. Instead, we are recommending a course fee of **$737.60 inclusive of the MAPS fee ($715.52 plus $22.08).**

5. No increase is recommended for the courses in the Canadian Payroll Management program. A 5% increase occurred last year. The recommended course fee for 2021-2022 is **$618.48 inclusive of the MAPS fee ($596.40 plus $22.08).**

6. No increase is recommended for courses in the Payroll Compliance Practitioner program. A 5% increase was made in 2020-2021. The recommended course fee is **$618.48 inclusive of the MAPS fee ($596.40 plus $22.08).**

7. No increase is recommended for the courses in the Digital Marketing program since a 4.5% increase occurred in 2020-2021. The proposed fee is $**761.08 inclusive of the MAPS fee ($739.00 plus $22.08)** which positions course costs just below those of the University of Toronto although higher than those offered by the colleges.

8. No increase is recommended for the courses in the Web Design program. Course fees have seen an 8% increase over the last two years, and enrollments are a little flat. Currently positioned, the

course fee is similar to Ryerson's but higher than those of the colleges. The colleges tend to dominate this space. The requested fee is **$863.59 inclusive of the MAPS fee ($841.51 plus $22.08).**

9. A 3% increase was requested for last year for the courses in the Science of Cannabis program. With enrollments levelling, no adjustment is requested. The proposed course fee is **$874.92 inclusive of the MAPS fee ($852.84 plus $22.08).**

10. Our data programs are currently in transition with a phasing out of two programs called Big Data and Foundations of Analytics. To accommodate the close down of these programs and the creation of three new programs called Data Analytics, Data Science, and Data Programming and Architecture, we are requesting the following:
    a) a -0.6% decrease for courses dealing with big data applications for a fee of $1057.06 ($1035.00 plus $22.08). Compared to our competitors including York University and Ryerson University, we are offering a slightly better price for these courses.
    b) a 2% increase for all other courses for a fee of $744.08 including the MAPS fee ($722.00 plus $22.08).

11. No increase is recommended for courses in the Business of Golf and Resort Management program. While enrolments are steady, it is a small program. The fee for 2020-2021 is **$710.08 inclusive of MAPS fee ($688.00 plus $22.08).**

12. No increase is recommended for courses in the Creative, Critical, and Design Thinking program. At present, enrolments are plateaued. The fee for 2020-2021 is **$710.08 inclusive of MAPS fee ($688.00 plus $22.08)**.

13. The Health Information Management program is in the process of closing, and a new program is forthcoming based on the standards of the professional body for health information management in Canada. The course fee should remain the same during this period at **$870.08 inclusive of the MAPS fee ($848.00 plus $22.08).**

14. The Health Informatics program is undergoing a review. Therefore, we do not recommend a change. The suggested course fee is **$870.08 inclusive of MAPS fee ($848.00 plus $22.08).**

15. Course fees for the Metallurgy program should not be increased. This is a low enrolment-low interest program. The fee per course is **$900.08 inclusive of the MAPS fee ($878.00 plus $22.08).**

16. A fee increase is not recommended for courses in the Professional Addiction Studies program. The fees for this program are higher than those of our main competitors. The course fee for 2021-2022 would, therefore, be **$850.08 inclusive of the MAPS fee ($828.00 plus $22.08).**

Other Fees Paid by Continuing Education Students

All fees noted in the table below were carefully reviewed in 2020-2021. No changes are recommended for 2021-2022.

Fee	2021-2022
New Student	$39
Application (for programs with an application process)	$59
Transfer of Credit Fee	$59
Transfer to 2nd Credential	$79
Pre-admission Test	$99
Request for Duplicate Parchment (Certificate or Diploma)	$49

Refund Policy

For all in-person, online, and online self-study courses spanning 11-13 weeks:

- Full refund of fee up until day before (i.e., 11:59 the day before class starts) and 100% MAPS fee refund
- A 70% refund from the day of class start (12:01 am on start date) for a period of 0-14 days and 0% MAPS fee refund

For all in-person, online, and online self-study courses spanning 8-10 weeks:

- Full refund of fee up until day before (i.e., 11:59 the day before class starts) and 100% MAPS fee refund
- A 70% refund from the day of class start (12:01 am on start date) for a period of 0-7 days and 0% MAPS fee refund

For Nursing Concepts in Continual Care courses spanning over 2 terms:

- Full refund of fee up until day before (i.e., 11:59 the day before class starts) and 100% MAPS fee refund
- A 80% refund from the day of class start (12:01 am on start date) for a period of 0-14 days and 0% MAPS fee refund
- A 70% refund for a period of 15-30 days after class start (12:01 a.m. on start date) and 0% MAPS fee refund
- A 50% refund for a period of 31-56 days after class start (12:01 a.m. on start date) and 0% MAPS fee refund

Illustrative Market Survey Data

Although few competitors offer exact duplicates of McMaster's CCE programs, we do assess the offerings of other universities, colleges, and professional associations. We also consider undergraduate courses as

comparators and assess criteria including the following: length/number of hours, equivalency against external standards, program type, relative value of the credential, and the cost of living in the community in which the program is provided.

Overall, fees continue to be comparable to McMaster's undergraduate course fees, they are less than Business courses ($935.49 for three-unit course, level 3). CCE's fees are also similar to those of other university continuing education courses, and more expensive than those of colleges and professional association providers.

Tables 1 and 2 below provide current market comparators for select CCE programs and courses.

Table 1. Business-related Programs

CCE Program	Comparator	Comparator Fees as per Fall 2019	Proposed McMaster Fee 2021-2022
Business Admin	U of Toronto Ryerson Conestoga Mohawk	$795 $577-$645 $333-$599 $395-$495	$730.85 incl. MAPS fee for 3-unit course. College fees included to note differences between university and college fees.
Human Resources Mgmt.	Ryerson U of Toronto HRPA (Human Resources Professional Association)	$579-$627 $795 $415 (non-member)	$771.08 incl. MAPS fee for 3-unit course.
Digital Marketing	U of Toronto York Sheridan	$769 - $795 $769 $302-323	$761.08 incl. MAPS for 3-unit course.
Creative, Critical and Design Thinking	Queens Fleming Conestoga	$695 $388 $309	$710.08 incl. MAPS fee for 3-unit course.

Accounting	CPA Ontario Guelph York U of Toronto Sheridan	$500-$800 $683.39 (lower than previous year) $769-$795 $552 (lower than previous year) $807.00	$737.60 incl. MAPS fee for 3.0 unit course $479.54 incl. MAPS fee for 1.5 unit course: we are keeping our fee below $500 since some institutions charge nominal fee or none for preparatory courses.

Table 2. Health and Social Sciences Programs

CCE Program	Comparator	Comparator Fees as per Fall 2020	Proposed McMaster Fee 2021-2022
Professional Addiction Studies	Ryerson Humber Durham	$569.87 per term course $2,666.62 for term of six courses or $444.43 per course $6,654 for one year with 14 courses, or $475 per course	$850.08 incl. MAPS fee for 3-unit course
Science of Cannabis	Mount Royal	$1995.00 (48-hour program called Cannabis Education) $451.94 (14-hour program called Medical Cannabis Fundamentals)	$874.92 incl. MAPS fee for 3-unit course
Applied Clinical Research	Western Humber College Mitchener Institute Academy of Applied Pharmaceutical Sciences	$5,800 for certificate program (9 courses x $644 per course) $7,134.18 for program (12 courses x $594 per course) $779 per course $710 to $920 per course	$908.08 incl. MAPS fee ($4,399.60 for program of five courses)

CCE Tuition Fee Schedule
2021-2022

MAPS fee charged for Spring tern (Essential portion only) 3.64 per unit

MAPS fee charged for Fall & Winter terms 7.24

MAPS fee 7.36

	Units	2020/21 Fiscal Year				2020/21 Fiscal Year				2021/22 Fiscal Year			
		Tuition	% Increase	MAPS Fee	Total Fee	Tuition	% Increase	MAPS Fee	Total Fee	Tuition	% Increase	MAPS Fee	Total Fee
CCE Programs:													
Applied Clinical Research	3	$ 869.00	5.0%	$ 10.92	$ 879.92	$ 869.00	0.0%	$ 21.72	$ 890.72	$ 886.00	2.0%	$ 22.08	$ 908.08
Accounting: Preparatory	1.5	$ 468.50	2.2%	$ 5.46	$ 473.96	$ 468.50	0.0%	$ 10.86	$ 479.36	$ 468.50	0.0%	$ 11.04	$ 479.54
Accounting	3	$ 715.52	4.0%	$ 10.92	$ 726.44	$ 715.52	0.0%	$ 21.72	$ 737.24	$ 715.52	0.0%	$ 22.08	$ 737.60
The Associateship in Canadian Surety Bonding Certificate	3	$ 784.08	0.0%	$ 10.92	$ 795.00	$ 784.08	0.0%	$ 21.72	$ 805.80	$ 784.08	0.0%	$ 22.08	$ 806.16
Risk Management	3	$ 742.56	2.0%	$ 10.92	$ 753.48	$ 742.56	2.0%	$ 21.72	$ 764.28	$ 749.98	1.0%	$ 22.08	$ 772.06
Business Admin	3	$ 701.76	2.0%	$ 10.92	$ 712.68	$ 701.76	2.0%	$ 21.72	$ 723.48	$ 708.77	1.0%	$ 22.08	$ 730.85
Business of Golf and Resort Management	3	$ 688.00	0.0%	$ 10.92	$ 698.92	$ 688.00	0.0%	$ 21.72	$ 709.72	$ 688.00	0.0%	$ 22.08	$ 710.08
Canadian Payroll Management	3	$ 596.40	5.0%	$ 10.92	$ 607.32	$ 596.40	0.0%	$ 21.72	$ 618.12	$ 596.40	0.0%	$ 22.08	$ 618.48
Creative, Critical and Design Thinking	3	$ 688.00	0.0%	$ 10.92	$ 698.92	$ 688.00	0.0%	$ 21.72	$ 709.72	$ 688.00	0.0%	$ 22.08	$ 710.08
Digital Marketing	3	$ 739.00	4.5%	$ 10.92	$ 749.92	$ 739.00	4.5%	$ 21.72	$ 760.72	$ 739.00	0.0%	$ 22.08	$ 761.08
Health Informatics	3	$ 848.00	0.0%	$ 10.92	$ 858.92	$ 848.00	0.0%	$ 21.72	$ 869.72	$ 848.00	0.0%	$ 22.08	$ 870.08
Health Information Management	3	$ 848.00	0.0%	$ 10.92	$ 858.92	$ 848.00	0.0%	$ 21.72	$ 869.72	$ 848.00	0.0%	$ 22.08	$ 870.08
Human Resources Management	3	$ 728.00	2.8%	$ 10.92	$ 738.92	$ 728.00	0.0%	$ 21.72	$ 749.72	$ 749.00	2.9%	$ 22.08	$ 771.08
Marketing	3	$ 701.76	2.0%	$ 10.92	$ 712.68	$ 701.76	2.0%	$ 21.72	$ 723.48	$ 708.77	1.0%	$ 22.08	$ 730.85
Metallurgy	3	$ 878.00	0.0%	$ 10.92	$ 888.92	$ 878.00	0.0%	$ 21.72	$ 888.92	$ 878.00	0.0%	$ 22.08	$ 900.08
Web Design	3	$ 841.51	3.0%	$ 10.92	$ 852.43	$ 841.51	0.0%	$ 21.72	$ 863.23	$ 841.51	0.0%	$ 22.08	$ 863.59
Payroll Compliance Practitioner	3	$ 596.40	5.0%	$ 10.92	$ 607.32	$ 596.40	0.0%	$ 21.72	$ 618.12	$ 596.40	0.0%	$ 22.08	$ 618.48
Professional Addiction Studies	3	$ 828.00	0.0%	$ 10.92	$ 838.92	$ 828.00	0.0%	$ 21.72	$ 849.72	$ 828.00	0.0%	$ 22.08	$ 850.08
Data Courses	3	$ 708.00	0.0%	$ 10.92	$ 718.92	$ 708.00	0.0%	$ 21.72	$ 729.72	$ 722.00	2.0%	$ 22.08	$ 744.08
Big Data Courses	3	$ 1,041.00	0.0%	$ 10.92	$10.51.92	$ 1,041.00	0.0%	$ 21.72	$ 1,062.72	$ 1,035.00	-0.6%	$ 22.08	$ 1,057.08
Science of Cannabis	3	$ 852.84	3.0%	$ 10.92	$ 863.76	$ 852.84	3.0%	$ 21.72	$ 874.56	$ 852.84	0.0%	$ 22.08	$ 874.92
Professional Communication in the Cdn Workplace	3	$ 688.00	0.0%	$ 10.92	$ 698.92	$ 688.00	0.0%	$ 21.72	$ 709.72	$ 688.00	0.0%	$ 22.08	$ 710.08
CCE Administered Programs													
Nursing Concepts in Continence Care	3									$595.53		$22.08	$617.61
	4									$797.04		$29.44	$823.48

UNIVERSITY SECRETARIAT
- Board of Governors
- Senate

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REPORT TO THE BOARD OF GOVERNORS
from the
EXECUTIVE AND GOVERNANCE COMMITTEE

i. Revisions to Board By-Laws – Appendix B – Banking Resolution Changes

At its October 8, 2020 meeting, the Board of Governors approved in principle, on the recommendation of the Executive and Governance Committee, revisions to Appendix B – Banking Resolution within the Board of Governors By-Laws. Details of the proposed revisions are contained in the attached report.

It is now recommended,

that the Board of Governors approve revisions to Appendix B – Banking Resolution within the Board of Governors By-Laws, as set out in the attached.

ii. Revisions to Board By-Laws – University Student Fees Committee Membership

At the same meeting, the Board of Governors approved in principle, on the recommendation of the Executive and Governance Committee, revisions to the University Student Fees Committee Membership. Details of the proposed revisions are contained in the attached report.

It is now recommended,

that the Board of Governors approve revisions to the membership of the University Student Fees Committee within the Board of Governors By-Laws, as amended.

Board of Governors: APPROVAL
December 17, 2020

Appendix B

BANKING RESOLUTION

The Board hereby resolves:

1. 1. THAT the banking business of the University, or any part thereof, may be transacted with any one or more of the banks or other corporations (hereinafter referred to as "institutions") named in Schedule 1 hereto.
2. THAT all such banking business may be transacted on the University's behalf by the Planning and Resources Committee of the Board.
3. THAT the Planning and Resources Committee further delegate to any officer holding the position and having the title listed in Schedule 2 authority to transact any part or parts of such banking business on behalf of the University, subject to the limitations of such authority as may be imposed in such instructions.
4. THAT in this resolution the expression "banking business" includes, without limitation, the operation of the University's accounts; the making, signing, drawing, accepting, endorsing, negotiating, lodging, depositing or transferring of any cheques, promissory notes, drafts, acceptances, bills of exchange and orders for the payment of money; the giving of receipts for and orders relating to any property of the University; the execution of any agreement relating to any such banking business and defining the rights and powers of the parties thereto; and the authorizing of any officer of such institution to do any act or thing on the University's behalf to facilitate such banking business.
5. THAT this resolution and any instructions given pursuant to paragraph 3 hereof to any institution shall remain in force until written notice to the contrary shall have beengiven to such institution.
6. THAT this resolution shall, from the time of its communication to any institution, supersede any previous resolutions and instructions respecting the transaction of banking business between the University and such institutions.

Schedule 1: McMASTER UNIVERSITY BANKS

Canadian Imperial Bank of Commerce
Bank of Montreal
National Bank of Canada
Bank of Nova Scotia
Royal Bank of Canada
TD Canada Trust

Board of Governors
April 18, 2019

Schedule 2: McMASTER UNIVERSITY AUTHORIZED BANK SIGNERS

The primary currencies used by the University are the Canadian dollar and U.S. dollar. For the purposes of amounts noted in Schedule 2, limits are applicable to either currency.

(1) With respect to bank accounts held at institutions noted in Schedule 1 above:

(a) Cheques up to $100,000.00 require any one of the following signatures:

- President and Vice- Chancellor
- Vice-President (Administration)
- Associate Vice-President (Students and Learning) and Dean of Students
- Assistant Vice-President (Administration) and CFO
- Assistant Vice-President and Chief Human Resources Officer (payroll account(s) only)
- Controller
- ~~Executive Director, Strategic Projects Financial Affairs~~
- Treasurer
- Senior Manager, Accounting & Financial Reporting
- Manager, Financial Reporting
- Manager, Financial Affairs Business Office
- Senior Investment Accounting Analyst
- Senior Investment Analyst
- Senior Accountant
- Director, HR -Strategic Partnerships and Initiatives~~Services and Systems~~ (Payroll Account(s) only)
- Senior Manager, Payroll Services, Tax and Data Compliance (Payroll Account(s) only)
- ~~Senior Manager, HR Projects, Analytics and Payroll (Payroll Account(s) only)~~
- Senior ~~HR Payroll~~ Analyst Reporting and Control (Payroll account(s) only)

(b) Cheques over $100,000.00 require any two of the signatures in (a).

(c) The following facsimile signatures are acceptable on cheques drawn on any account, however, when a second signature is required by virtue of the amount being over $100,000.00, the second signature must be any one of the signatures in (a) applied manually:

- President and Vice Chancellor
- Vice-President (Administration)

(d) All electronic payment services, such as Wires, EFTs, Bill payments and Government Payments require electronic approvals as follows:

(i) System generated batch payments up to $12,000,000.00 require electronic approval from any one of the positions listed in (a) above; over $12,000,000.00 require electronic approval from any two of the positions listed in (a) above.

(ii) All other payments up to $100,000.00 require electronic approval from any one of the positions listed in (a) above; over $100,000.00 require electronic approval from any two of the positions listed in (a) above.

(e) All bank transfers between bank accounts held by McMaster require any one of the following signatures or electronic approvals:

- President and Vice-Chancellor
- Vice-President (Administration)
- Assistant Vice-President (Administration) and CFO
- Controller
- ~~Executive Director, Strategic Projects Financial Affairs~~
- Treasurer

- Senior Manager, Accounting & Financial Reporting
- Manager, Financial Reporting

- Manager, Financial Affairs Business Office
- Senior Investment Accounting Analyst
- Senior Investment Analyst
- Senior Accountant
- Investment Operations Analyst
- Financial Analyst – Trust Funds
- Director, HR Strategic Partnerships and Initiatives (Payroll Account(s) only)
- Senior Manager, Payroll Services, Tax and Data Compliance (Payroll Account(s) only)
- Senior Analyst Reporting and Control (Payroll account(s) only)

(2) Foreign electronic payments:

(a) Up to $100,000.00 require any one of the following signatures and/or electronic approvals:

- President and Vice- Chancellor
- Vice-President (Administration)
- Assistant Vice-President (Administration) and CFO
- Controller
- ~~Executive Director, Strategic Projects Financial Affairs~~
- Treasurer
- Senior Manager, Accounting & Financial Reporting
- Manager, Financial Reporting
- Senior Investment Accounting Analyst
- Senior Investment Analyst
- Senior Accountant

(b) Over $100,000.00 require any two of the signatures or electronic approvals in (a).

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Board of Governors
April 18, 2019

Appendix B

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2. THAT all such banking business may be transacted on the University's behalf by the Planning and Resources Committee of the Board.

3. THAT the Planning and Resources Committee further delegate to any officer holding the position and having the title listed in Schedule 2 authority to transact any part or parts of such banking business on behalf of the University, subject to the limitations of such authority as may be imposed in such instructions.

4. THAT in this resolution the expression "banking business" includes, without limitation, the operation of the University's accounts; the making, signing, drawing, accepting, endorsing, negotiating, lodging, depositing or transferring of any cheques, promissory notes, drafts, acceptances, bills of exchange and orders for the payment of money; the giving of receipts for and orders relating to any property of the University; the execution of any agreement relating to any such banking business and defining the rights and powers of the parties thereto; and the authorizing of any officer of such institution to do any act or thing on the University's behalf to facilitate such banking business.

5. THAT this resolution and any instructions given pursuant to paragraph 3 hereof to any institution shall remain in force until written notice to the contrary shall have been given to such institution.

6. THAT this resolution shall, from the time of its communication to any institution, supersede any previous resolutions and instructions respecting the transaction of banking business between the University and such institutions.

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Royal Bank of Canada
TD Canada Trust

Board of Governors
April 18, 2019

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- Assistant Vice-President (Administration) and CFO
- Assistant Vice-President and Chief Human Resources Officer (payroll account(s) only)
- Controller
- Treasurer
- Senior Manager, Accounting & Financial Reporting
- Manager, Financial Reporting
- Manager, Financial Affairs Business Office
- Senior Investment Accounting Analyst
- Senior Investment Analyst
- Senior Accountant
- Director, HR Strategic Partnerships and Initiatives (Payroll Account(s) only)
- Senior Manager, Payroll Services, Tax and Data Compliance (Payroll Account(s) only)
- Senior Analyst Reporting and Control (Payroll account(s) only)

(b) Cheques over $100,000.00 require any two of the signatures in (a).

(c) The following facsimile signatures are acceptable on cheques drawn on any account, however, when a second signature is required by virtue of the amount being over $100,000.00, the second signature must be any one of the signatures in (a) applied manually:

- President and Vice Chancellor
- Vice-President (Administration)

(d) All electronic payment services, such as Wires, EFTs, Bill payments and Government Payments require electronic approvals as follows:

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- Assistant Vice-President (Administration) and CFO
- Controller
- Treasurer
- Senior Manager, Accounting & Financial Reporting
- Manager, Financial Reporting
- Senior Investment Accounting Analyst
- Senior Investment Analyst
- Senior Accountant

(b) Over $100,000.00 require any two of the signatures or electronic approvals in (a).

Board of Governors
April 18, 2019

McMaster University

Office of the Provost and Vice-President (Academic)

1280 Main Street West
Hamilton, Ontario, Canada
L8S 4K1

Phone 905.525.9140
Ext. 24301
Fax 905.546.5213
Email provost@mcmaster.ca

DATE: September 29, 2020

TO: Executive and Governance Committee

FROM: Susan Tighe
Provost and Vice President (Academic)

RE: Change in University Student Fees Committee membership due to the dissolution of the AVP IRA position

---

The position of Associate Vice President, Institutional Research and Analysis no longer exists. As such, the role's participation in governance committees needs to be revised. Please accept the following changes:

1. University Student Fees Committee:
    a. **Voting member status** - AVP Finance and Planning Academic role (who is currently consultant) will replace Associate Vice President, Institutional Research and Analysis
    b. **Committee Chair status** – Associate Vice-President (Students and Learning) and Dean of Students and Vice-Provost and Dean of Graduate Studies will Co-Chair
    c. Housekeeping changes to update titles

The **University Student Fees Committee** shall be a sub-committee of the University Planning Committee with the following membership:

Ex Officio
~~Associate Vice-President (Institutional Research and Analysis) – Chair~~
~~Vice-Provost (Faculty)~~
Associate Vice-President (Students and Learning) and Dean of Students – Co-Chair
Vice-Provost and Dean of Graduate Studies – Co-Chair
Associate Vice-President, Finance and Planning (Academic), Office of the Provost and Vice-President (Academic)
Executive Director, Education Services, Faculty of Health Sciences
~~Director of Finance~~Controller, Financial Services
University Registrar

Student Members
Graduate Student Representative – selected from applicants for a one-year term
Full-time Undergraduate Student Representative – selected from applicants for a one-year term
Part-time Undergraduate Student Representative – selected from applicants for a one-year term
**Student positions are renewable once.*

Consultants
~~Assistant Dean, Student Affairs and Director of the Student Success Centre~~Director, Finance and Administration, Student Affairs
Associate Registrar and Graduate Secretary, School of Graduate Studies
Assistant Registrar, Government Aid Programs, Registrar's Office
~~Executive Director, Finance and Administration (Academic), Office of the Provost and Vice-President (Academic)~~
Manager, ~~Receipts and Receivables~~Accounts Receivable, Financial Services
~~Budget Manager, Budgeting Services~~
~~Director, Student Financial Aid and Scholarships~~
~~Senior Project Analyst, Institutional Research and Analysis~~
Two staff members from Financial Affairs (approved by the Committee annually)
Two staff members from Institutional Research and Analysis (approved by the Committee annually)

The University Student Fees Committee shall:

(i) recommend all revisions to tuition (undergraduate and graduate degree, diploma and certificate) and supplementary fees to the Budget Committee;
(ii) establish deadlines for the submission of all proposed tuition and supplementary fees to the University Student Fees Committee;
(iii) recommend policy guidelines to the Budget Committee that outline services and materials for which fees can be charged;
(iv) recommend policy guidelines to the Budget Committee for charging fees for existing and new programs that are not funded through grants from the Ministry of Training, Colleges and Universities;

(v) ensure that all proposed changes to existing student fees and all proposed new fees are reasonable, conform to government regulations and have been approved through appropriate processes within the University; and

(vi) ensure that proposed changes to student fees are feasible and do not involve undue complications to calculate and administer; where appropriate, determining the most tax efficient method for students who are being charged these fees.

The **University Student Fees Committee** shall be a sub-committee of the University Planning Committee with the following membership:

Ex Officio
Associate Vice-President (Students and Learning) and Dean of Students – Co-Chair
Vice-Provost and Dean of Graduate Studies – Co-Chair
Associate Vice-President, Finance and Planning (Academic), Office of the Provost and Vice-President (Academic)
Executive Director, Education Services, Faculty of Health Sciences
Controller, Financial Services
University Registrar

Student Members
Graduate Student Representative – selected from applicants for a one-year term
Full-time Undergraduate Student Representative – selected from applicants for a one-year term
Part-time Undergraduate Student Representative – selected from applicants for a one-year term
**Student positions are renewable once.*

Consultants
Director, Finance and Administration, Student Affairs
Associate Registrar and Graduate Secretary, School of Graduate Studies
Assistant Registrar, Government Aid Programs, Registrar's Office
Manager, Accounts Receivable, Financial Services
Two staff members from Financial Affairs (approved by the Committee annually)
Two staff members from Institutional Research and Analysis (approved by the Committee annually)

The University Student Fees Committee shall:

(i) recommend all revisions to tuition (undergraduate and graduate degree, diploma and certificate) and supplementary fees to the Budget Committee;
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(iii) recommend policy guidelines to the Budget Committee that outline services and materials for which fees can be charged;
(iv) recommend policy guidelines to the Budget Committee for charging fees for existing and new programs that are not funded through grants from the Ministry of Training, Colleges and Universities;
(v) ensure that all proposed changes to existing student fees and all proposed new fees are reasonable, conform to government regulations and have been approved through appropriate processes within the University; and
(vi) ensure that proposed changes to student fees are feasible and do not involve undue complications to calculate and administer; where appropriate, determining the most tax efficient method for students who are being charged these fees.

The **University Student Fees Committee** shall be a sub-committee of the University Planning Committee with the following membership:

Ex Officio
~~Associate Vice-President (Institutional Research and Analysis) – Chair~~
~~Vice-Provost (Faculty)~~
Associate Vice-President (Students and Learning) and Dean of Students – Co-Chair
Vice-Provost and Dean of Graduate Studies – Co-Chair
Vice-Provost (Faculty)
Associate Vice-President, Finance and Planning (Academic), Office of the Provost and Vice-President (Academic)
Executive Director, Education Services, Faculty of Health Sciences
~~Director of Finance~~Controller, Financial Services
University Registrar

Student Members
Graduate Student Representative – selected from applicants for a one-year term
Full-time Undergraduate Student Representative – selected from applicants for a one-year term
Part-time Undergraduate Student Representative – selected from applicants for a one-year term
**Student positions are renewable once.*

Consultants
~~Assistant Dean, Student Affairs and Director of the Student Success Centre~~Director, Finance and Administration, Student Affairs
Associate Registrar and Graduate Secretary, School of Graduate Studies
Assistant Registrar, Government Aid Programs, Registrar's Office
~~Executive Director, Finance and Administration (Academic), Office of the Provost and Vice-President (Academic)~~
Manager, ~~Receipts and Receivables~~Accounts Receivable, Financial Services
~~Budget Manager, Budgeting Services~~
~~Director, Student Financial Aid and Scholarships~~
~~Senior Project Analyst, Institutional Research and Analysis~~
Two staff members from Financial Affairs (approved by the Committee annually)
Two staff members from Institutional Research and Analysis (approved by the Committee annually)

The University Student Fees Committee shall:

(i) recommend all revisions to tuition (undergraduate and graduate degree, diploma and certificate) and supplementary fees to the Budget Committee;
(ii) establish deadlines for the submission of all proposed tuition and supplementary fees to the University Student Fees Committee;
(iii) recommend policy guidelines to the Budget Committee that outline services and materials for which fees can be charged;
(iv) recommend policy guidelines to the Budget Committee for charging fees for existing and new programs that are not funded through grants from the Ministry of Training, Colleges

and Universities;

(v) ensure that all proposed changes to existing student fees and all proposed new fees are reasonable, conform to government regulations and have been approved through appropriate processes within the University; and

(vi) ensure that proposed changes to student fees are feasible and do not involve undue complications to calculate and administer; where appropriate, determining the most tax efficient method for students who are being charged these fees.

McMaster University Board of Governors

McMaster University

EXECUTIVE SUMMARY

DATE	TOPIC	RECOMMENDED BY:
December 17, 2020	2020-21 Updated Consolidated Budget	Deidre (Dee) Henne, AVP (Administration) & Chief Financial Officer, Financial Affairs Board Committee: Planning & Resource Committee Approved by Budget Committee, November 11, 2020

RECOMMENDATION

For Planning and Resources Committee:

That the Planning and Resources Committee approve for recommendation to the Board of Governors, the 2020-21 updated consolidated budget.

For the Board of Governors:

That the Board of Governors approve the 2020-21 updated consolidated budget.

BACKGROUND

The 2020-21 consolidated budget approved in June 2020 reflected the Pandemic Scenario model developed in February with the multi-year financial projections. This model used normal enrolments less 20% international participation or $32 million in tuition. It reflected losses for the Ancillary Fund based on a half year campus closure. Further, it increased non-personnel related expenses by 10% and increased contingency technology expenses by $5 million. This budget was approved on the basis that an in-year 2020-21 budget update would be developed capturing fall enrolment and better spending information, along with projections based on the updated campus closures plans for the fiscal year.

RATIONALE

This update demonstrates an improved financial position for 2020/21 and beyond predominantly because enrolment declines did not materialise. Instead both domestic and international enrolment increased over prior year. The increased enrolment results in a balanced 2020-21 Operating Fund. However, the campus closures for the full year materially affect the Ancillary Fund, which projects a $37 million deficit despite loss mitigation actions. Deficits will be addressed over the next 1-4 years. Further, capital spending plans are reduced by ~$50 million for construction delays and re-prioritization of projects. Overall, consolidated results show a surplus that are interest rate return sensitive.

KEY BENEFITS

The updated consolidated budget for approval provides material adjustments to the Operating Fund, Ancillary Fund, and Capital Fund, and is more reflective of likely results and the University's financial health outlook. Approval will allow McMaster to post this updated budget by calendar year-end providing better information for the University's credit rating agencies in advance of the Debt Strategy Report (based on updated multi-year projections) planned February 2021, which will include a recommendation for McMaster to go to the markets for new debt.

OTHER CONSIDERATIONS / INTERDEPENDENCIES

The projections for years 2021-22 and beyond assume campus re-opening effective May 1, 2021. The budget approval, in accordance with our Act and By-laws is only on the current year or 2020-21. If campus does not open May 1, 2021 there is little impact anticipated across the Operating, Capital, Trust, and Research Funds. The Ancillary Fund would require material adjustment, which will be explored in the February 2021 planning cycle using a scenario model of campus closures for all and a portion of the fiscal year. Finally, the research fund will undergo further review for any change impact.

KEY RISKS & MITIGATION PLANS

The most significant risk to realizing the projection is a variance in investment income. The returns normally are budgeted and projected at 5.6%. In both the original budget and this updated budget the return projected for 2020-21 is 4%. Any difference +/- 1% affects the consolidated surplus by +/- $5.6 million. This risk is managed centrally and has no impact on the Operating Fund, impacts affect our specific purpose reserve which requires a minimum $68 million contingency spend balance.

Overall the ancillary operations: campus stores, housing, hospitality, parking, media production, and other ancillary camp or activities/events are materially affected by closures. Area responsible VPs and AVPs have worked with each Director leaders on cost mitigation plans and all operations continue to be a going concern with ability to cover deficits over time.

ALTERNATIVES CONSIDERED

N/A

NEXT STEPS / IMPLEMENTATION PLANS

A further update will be provided along with the 2021/22 budget.

2020-2021

INTERIM FINANCIAL REPORT

Consolidated Budget Update

November 2020

BRIGHTER WORLD

McMaster University

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1 EXECUTIVE SUMMARY

This document is an update to the approved consolidated budget for 2020/21. The consolidated budget included a significant enrolment decline for both domestic and international students and assumed the campus would reopen in January 2021. Given the high degree of uncertainty related to the pandemic, McMaster management agreed to develop an in-year budget update for the Board of Governors. This report provides the budget update, drawing on current enrolments and confirmation regarding campus closure for the winter term.

The updated consolidated budget demonstrates that enrolments both domestically and internationally are materially unaffected by the pandemic. The shift to virtual student engagement has come with additional technology and support costs factored into the Operating Fund budget. The Operating Fund is updated with a projected structurally balanced year-end position. The student support services of housing, hospitality, parking, campus store, and media production are within the Ancillary Fund, which is the hardest hit area by the pandemic. The physical closure of campus along with some ongoing support requirements has driven substantial deficits for ancillaries. The ancillary operations have undertaken steps to mitigate losses using closures, temporary and permanent layoffs, and other expense-cutting initiatives. Overall, the ancillaries are projected to have a $36.9 million in-year deficit compared to $19.4 million originally budgeted. The change in deficit reflects the University's decision to remain closed for the winter term. Strategies are in place to address this deficit when campus reopens over an approximate four-year repayment period.

The final key budget update is within the Capital Fund, with updated capital expenditures reflecting a delay in key projects. Some project starts have been put on hold and others delayed due to the pandemic and new COVID-19 social distancing requirements. The Capital Fund expenditures are $56.4 million lower than original budget due to pandemic-driven adjustments. The other funds remain relatively the same as the approved original budget. Future capital planning will be addressed in the regular multi-year projection and debt strategy update in spring 2021.

2 OPERATING FUND CONTEXT

2.1 REVENUE GENERATION ENVIRONMENT

In terms of revenue generation changes from the original budget, the University responded to the potential negative revenue impacts of the pandemic by focusing on adjusting cut-offs for acceptance and issuing more offers than targets, assuming that due to the pandemic acceptance rates would be lower. Acceptance rates for 2020/21 remain at similar levels to recent years and that combined with grade inflation in the high school system resulted in more eligibility. The most recent enrolment projections indicate that domestic student levels are higher than original target levels and went above the domestic enrolment caps, while international enrolment surpassed the targets despite the limitations on international travel.

Figure 1: Enrolment Summary

					Variance			
		2019/20 Actual	2020/21 Budget	2020/21 Projection	Projection vs. Actual PY		Projection vs. Budget	
Undergraduate FFTEs	Domestic	24,070	23,759	25,541	1,471	6.1%	1,782	7.5%
	International	3,533	3,296	4,326	793	22.4%	1,030	31.2%
	Total	27,603	27,055	29,867	2,264	8.2%	2,812	10.4%
Graduate FTEs	Domestic	3,140	3,061	3,102	(38)	-1.2%	41	1.3%
	International	1,320	1,087	1,170	(150)	-11.4%	83	7.7%
	Total	4,460	4,148	4,272	(188)	-4.2%	124	3.0%
Total	Domestic	27,210	26,820	28,643	1,433	5.3%	1,823	6.8%
	International	4,853	4,383	5,496	643	13.2%	1,113	25.4%
	Total	32,063	31,203	34,139	2,076	6.5%	2,936	9.4%

The Ministry's corridor funding model caps the operating grant at 2016/17 levels with adjustments for graduate expansion enrolment. The roll-in of 2019/20 graduate expansion resets the corridor midpoint for 2020/21 and resulted in a small increase to grant funding in the projection. There will not be a penalty in 2020/21 as a result of the enrolment moving ahead of domestic caps. To date, no additional funding for 2020/21 has been confirmed by the provincial government to contribute to COVID-19 expenses even though a small grant of $400,000 was received in 2019/20.

The physical campus closure and limited opening has had a significant impact on other revenue generating activities in terms of cancelled events, study abroad programs, registration and services fees. In addition, there has been a significant negative impact on ancillary operations' sales which rely on student and staff activities on campus.

2.2 EXPENSES

COVID-19 impacts can be seen across a variety of expense categories within the updated projections.

The physical campus closure and minimal reopening for some research and lab work has resulted in support staff reductions in a number of areas, such as Athletics and Recreation and ancillaries. There have been some utilities cost savings along with lower travel and meeting expenses, contributing to an improved balanced position.

Increased expenses relate to social distancing protocols required for activities that do need to take place on campus, along with a large investment in training, equipment, and computer hardware and software required to ensure high quality in the online teaching and lab work that takes place. Significant investments have been made to provide the required virtual student support and engagement, as well as ensuring that staff working from home can continue to work efficiently and comfortably, and staff working on campus feel safe and protected.

3 BUDGET UPDATE BY FUND

The consolidated budget includes several funds used to organize the effective allocation or generation of resources to support the mission and vision of the University. Unfolding events since the onset of the COVID-19 pandemic and approval of the 2020/21 budget have brought greater clarity to the University's overall outlook as well as to the position of the individual funds. Significant changes have occurred in the projections for the Operating, Ancillary and Capital Funds as outlined below. Changes in the Research, Endowment, or Specifically Externally Funded Funds are less significant and are not presented in detail.

3.1 OPERATING FUND

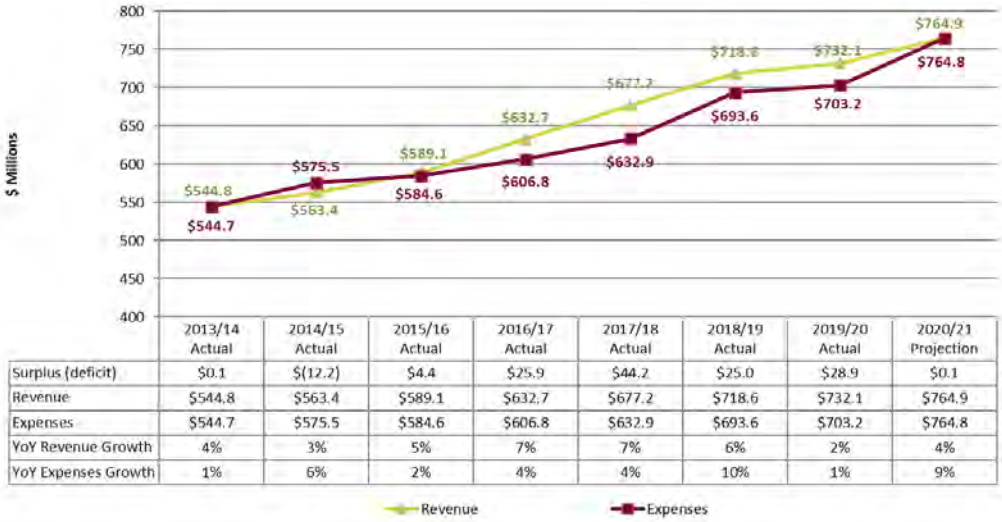
Table 1: Operating Fund Summary

($ thousands)	Operating Fund		2020/21 Variance	
	2020/21 Budget	2020/21 Projection	Favourable/ (Unfavourable)	
Sources of Funding:				
Provincial Grants	235,540	236,119	579	0.2%
Tuition	337,244	390,986	53,742	15.9%
Research Overhead Income	28,993	28,068	(925)	-3.2%
Investment Income	9,467	10,467	1,000	10.6%
Other income	109,508	99,276	(10,233)	-9.3%
Total sources of funding	**720,753**	**764,916**	**44,163**	**6.1%**
Expenditure:				
Salaries, wages and benefits	522,608	513,305	9,303	1.8%
Utilities and maintenance	43,051	39,965	3,085	7.2%
Equipment and renovations	62,021	64,689	(2,668)	-4.3%
Scholarships, bursaries and work study	34,737	35,079	(342)	-1.0%
Library acquisitions	14,253	15,102	(849)	-6.0%
Debt and financing charges	18,448	18,410	37	0.2%
All other expenses	79,495	78,277	1,218	1.5%
Total expenditures	**774,612**	**764,828**	**9,784**	**1.3%**
Total surplus (deficit)	**(53,859)**	**88**	**53,947**	**100.2%**
Fund balances, beginning of year	157,672	196,580	38,908	24.7%
Fund balances, end of year	**103,812**	**196,668**	**92,855**	**89.4%**

The Operating Fund is currently projecting a very small surplus compared to the large deficit initially estimated for the Budget 2020/21 as a result of achieving higher than original target levels of enrolment and tuition revenue. The revenue trend table that follows in the next section is not inflation adjusted, meaning where revenues remain flat or fixed over time the actual purchasing power of those funds is decreasing by approximately 2% per year (average of Ontario consumer price index inflation).

The graphs below have been updated to reflect the final actuals for 2019/20 and the revised projections for 2020/21. Operating Fund budget and plan year updates for 2021/22 and beyond will be completed in the spring and for part of the 2021/22 consolidated budget document.

Figure 2: Operating Fund Outlook



	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Projection
Surplus (deficit)	$0.1	$(12.2)	$4.4	$25.9	$44.2	$25.0	$28.9	$0.1
Revenue	$544.8	$563.4	$589.1	$632.7	$677.2	$718.6	$732.1	$764.9
Expenses	$544.7	$575.5	$584.6	$606.8	$632.9	$693.6	$703.2	$764.8
YoY Revenue Growth	4%	3%	5%	7%	7%	6%	2%	4%
YoY Expenses Growth	1%	6%	2%	4%	4%	10%	1%	9%

Figure 3: Operating Fund Appropriations

3.1.1 REVENUE

Figure 4: Operating Fund Revenue Trend

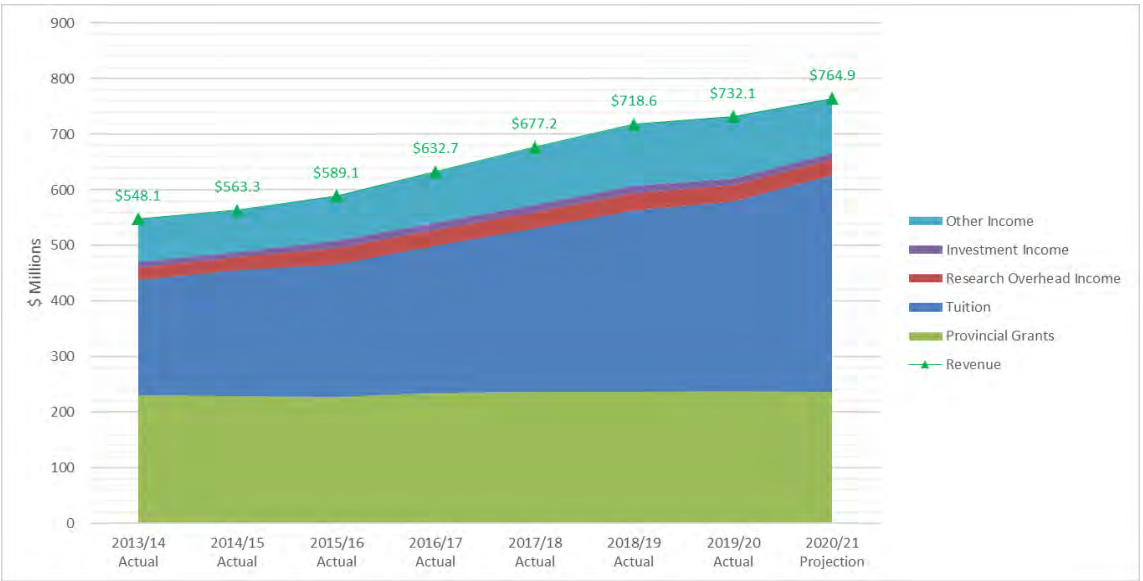


Figure 5: Operating Fund 2020/21 Original Budget and Projection Revenue by Type

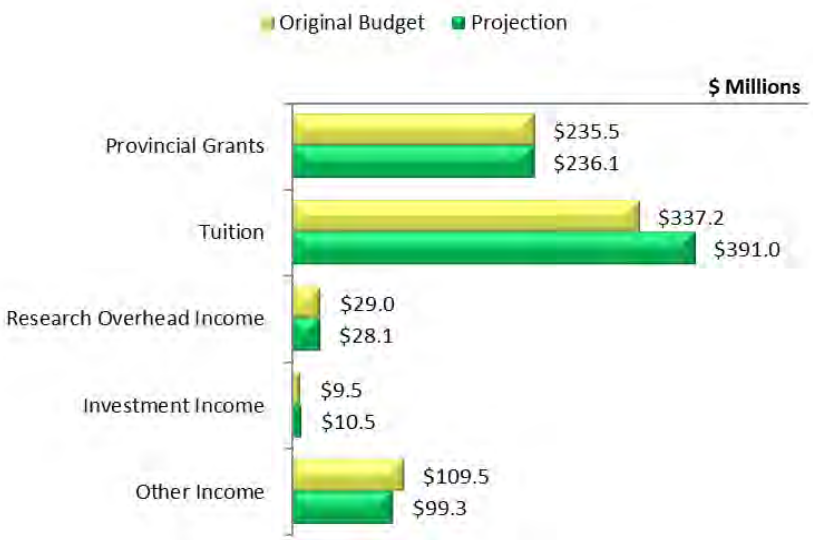
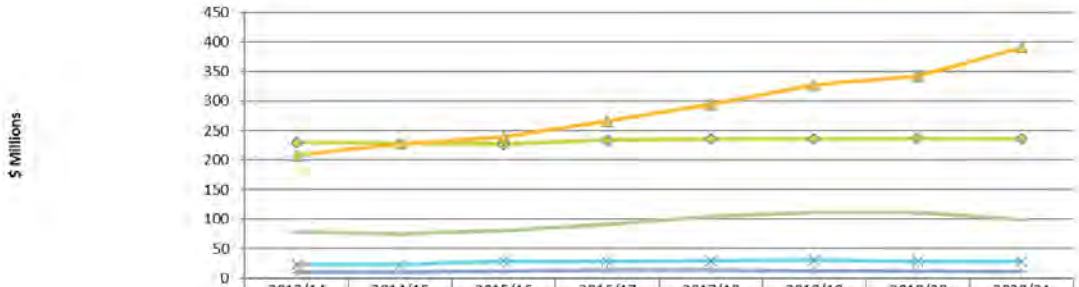


Figure 6: Operating Fund Revenue Trend by Type



	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Projection
Provincial Grants	$229.6	$228.4	$226.9	$233.8	$235.9	$236.0	$236.9	$236.1
Growth	0%	-1%	-1%	3%	1%	0%	0%	0%
Tuition	$208.2	$227.6	$239.6	$265.6	$294.3	$327.1	$342.7	$391.0
Growth	7%	9%	5%	11%	11%	11%	16%	20%
Research Overhead Income	$22.8	$23.0	$29.1	$28.6	$29.7	$31.0	$28.6	$28.1
Growth	0%	1%	26%	-2%	4%	4%	-4%	-10%
Investment Income	$9.5	$9.4	$12.9	$13.4	$13.2	$13.0	$12.7	$10.5
Growth	0%	0%	37%	4%	-1%	-2%	-4%	-19%
Other Income	$78.1	$74.8	$80.6	$91.3	$104.0	$111.6	$111.2	$99.3
Growth	10%	-4%	8%	13%	14%	7%	7%	-11%

3.1.1.1 PROVINCIAL GRANTS

Provincial grants are $0.6 million (0.2%) higher than budget due to higher final Graduate Expansion grants for 2019/20, which have now been rolled into base funding.

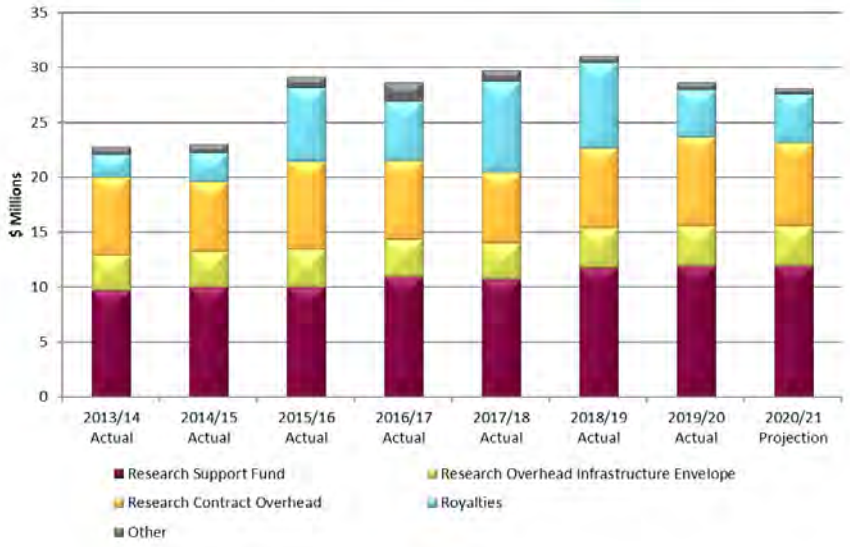
Both the Core Operating Grant and Performance/Student Success Grant are projected to remain flat, with the exception of rolling the Graduate Expansion Grant into the Core Operating Grant for a new corridor midpoint. Graduate enrolment growth resulted in an increase in the Graduate Expansion Grant for 2019/20 which therefore impacts the revised 2020/21 projection and the change from the budget. This is partially offset by the International Student Reduction ($750 tax per international student enrolled) as international enrolment increases, which drives a small decrease in provincial grants from the prior year. The next phase of the Strategic Mandate Agreement that was due in 2020/21 is expected to reallocate the level of outcomes-based funding from under 10% up to 60% by 2024/25, however due to the pandemic funding has been de-coupled from the metrics for two years.

3.1.1.2 TUITION

Based on surpassing the original enrolment target within the current tuition framework due to additional offers with no drastic decline in acceptance rates, the reduction budgeted for international enrolment from the COVID-19 fallout did not materialize. In 2020/21, net overall tuition income is now projected to increase by $48.2 million (14.1%) from the 2019/20 actual. This increase represents the largest change from the original budget. Tuition rates are similar to budget, including the zero percent domestic rate increase for 2020/21 as stipulated by the province.

3.1.1.3 RESEARCH OVERHEAD INCOME

Figure 7: Operating Fund Research Overhead Income Trend



Research overhead income has been conservatively projected. All research overhead income is intended to fund a portion of central and departmental administrative and infrastructure costs related to conducting research. There has been no significant change in assumptions for research overhead income with the exception of an updated lower estimate of royalties revenue.

Royalty income is payment for commercial use of intellectual property owned by McMaster as a result of research discoveries. Similar to research contract overhead, it will fluctuate depending on usage and has been projected at the average amount normally received. The projection is lower than budget as a result of the lower royalties received in 2019/20 due to the impacts of COVID-19, and royalty income from Inflammatory Bowel Disease Questionnaire (IBDQ) declined from the previous year due to fewer large-scale clinical trials with multiple sites. Royalty income is also credited directly to activity units, with a share going to inventors.

3.1.1.4 INVESTMENT INCOME

The annual Operating Fund investment income allocation is fixed at $9.5 million regardless of actual positive or negative annual investment returns. This approach ensures a stable level of funds to support ongoing operating expenditures. The 2020/21 projection update now includes an additional $1 million in one-time funding as an agreed initial contribution from the investment reserve to the newly established President's Strategic Support Fund.

3.1.1.5 OTHER INCOME

Other income is primarily earned directly by budget envelopes, including:

- Ministry of Health and Long-Term Care grants

- Post-graduate medical training
- Tuition from non-Ministry funded programs
- Nuclear Reactor sales
- Ancillary sales contributions to the Operating Fund (reflecting 4.5% on sales)
- Contributions to the Athletics and Recreation facility expansion
- Registration and service fees
- Recovery of utility costs from partners

Other income is projected $10.2 million (-9.3%) lower than budget related to a number of impacts and changes in activities due to the pandemic including reduced student services fees, suspension of summer study abroad programs, and cancellation of alumni events and other fee generating campus activities.

3.1.2 EXPENSE

Figure 8: Operating Fund Expense Trend

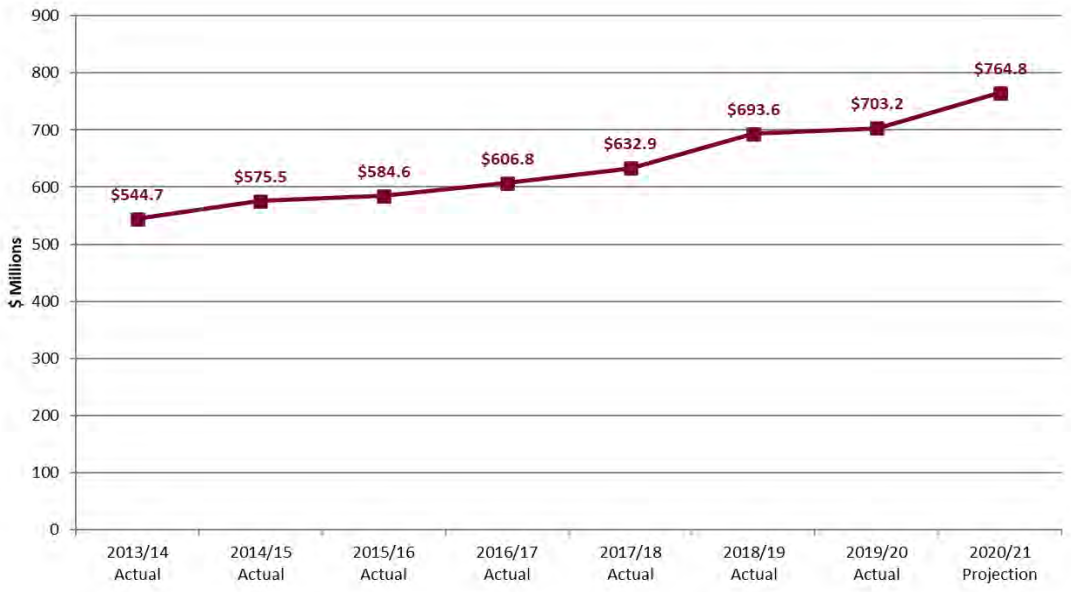
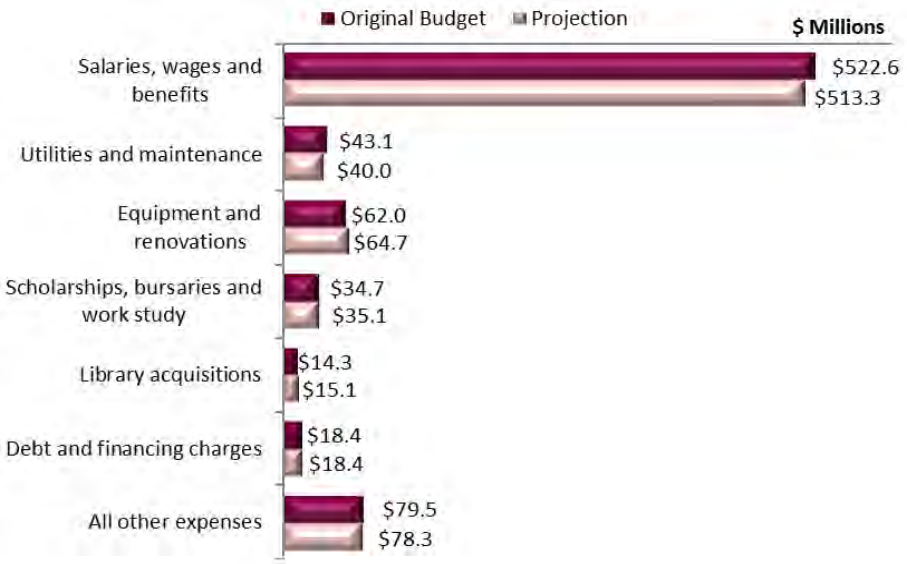


Figure 9: Operating Fund 2020/21 Original Budget and Projection Expense by Type



Salaries, wages and benefits are projected lower than budget by $9.3 million (1.8%) predominantly due to staff reductions in full-time and part-time support staff and work study positions.

Utilities and maintenance are favourable by $3.1 million (7.2%) due to rates adjustments based on the market via industry consultation and expected decreased consumption due to reduced campus activity and physical closures.

Equipment and renovations are unfavourable to budget by $2.7 million (-4.3%) as a result of increased investments in equipment and software to facilitate online teaching, lab delivery, and student advising and engagement, and staff working from home. Additional equipment purchases have also been made to enable social distancing protocols for lab delivery, and for classroom audio-visual equipment. The Faculty of Science has also invested in a new project to create more lab space for the School of Interdisciplinary Science.

Scholarships, bursaries and work-study expenditures are unfavourable by $0.3 million (-1.0%) as a result of slightly higher undergraduate and graduate scholarships.

Library acquisitions are unfavourable by $0.8 million (-6.0%) due to higher acquisitions cost than budget.

All other expenses are favourable by $1.2 million (1.5%) primarily due to lower than budget expenses for travel, meeting expenses, and externally contracted services. This was partially offset by lower internal recoveries and increased investments in research from the Faculty of Science, and from the newly established President's Strategic Support Fund which has initially provided directed funding to the McMaster COVID-19 Research Fund, designed to support a broad range of research which will benefit society in dealing with pandemics in the immediate and longer term.

3.1.3 Operating Fund Appropriations

The resulting $53.9 million favourable in-year surplus variance plus the $38.9 million favourable opening appropriations variance result in a projected closing balance in the Operating Fund of $92.9 million (89.4%) greater than the original budget. The 2019/20 favourable balance is explained in the Annual Financial Report presented to the Planning and Resources Committee in September 2020[1], and was driven by favourable grant funding, other income, salaries, and other expenses.

Operating Fund appropriations are therefore expected to remain stable at $196.7 million, or 25.7% of operating revenue, by the end of 2020/21. According to the budget policy, envelope managers may carry forward unspent balances to future years (see Appendix 1 Operating Fund Unit Level Tables). This policy allows envelope managers to absorb shocks such as the current pandemic as well as fund strategic initiatives and one-time projects, and these balances assume an increasing importance as costs increase faster than allocations.

3.1.4 One-Time Expenditures

Table 2: Operating Fund Ongoing and One-time Summary

($ thousands)	2020/21 Budget	2020/21 Projection	2020/21 Variance	
Ongoing:				
Allocated income	604,266	659,063	54,797	9.1%
Other income	115,957	103,975	(11,983)	-10.3%
Total revenues	720,223	763,038	42,814	5.9%
Expenses	742,884	720,943	21,941	3.0%
Excess of revenues over expenses	(22,661)	42,095	64,755	-285.8%
% of revenue	-3.1%	5.5%		
One-time:				
Allocated income	-	1,000	1,000	n/a
Other income	530	878	348	65.8%
Total revenues	530	1,878	1,348	254.7%
Expenses	31,728	43,885	(12,157)	-38.3%
Excess of revenues over expenses	(31,198)	(42,007)	(10,808)	34.6%
Excess of revenues over expenses	**(53,859)**	**88**	**53,947**	**-100.2%**
Fund balance, beginning of year	157,672	196,580	38,908	24.7%
Fund balance, end of year	**103,812**	**196,668**	**92,855**	**89.4%**

[1] The Financial Statements and Operating Fund Variances are explained in the Annual Financial Report posted online via the Financial Affairs website: https://financial-affairs.mcmaster.ca/app/uploads/2020/10/2019-20-Annual-Financial-Report.pdf

The projection shows a structural surplus compared to the 2020/21 budget where the impacts of a lower budgeted international tuition revenue due to the potential impacts of COVID-19 were reflected. Decreases in ongoing expenses reflect a reduction in support staffing levels as well as savings in expenses from campus closure and the COVID-19 pandemic in terms of utilities, travel, meeting expenses and externally contracted services, as well as the deferral of some expenses.

The original budgeted one-time costs included:

- $23.7 million renovation and expansion of facilities and equipment costs
- $10.0 million for non-finalised strategic investments from the University Fund likely to include:
    - COVID-19 related expenses
    - IT commitments
    - Investment in rejuvenating core research platforms and commercialization
    - Incentives and impact minimization of internal and external policy changes
    - New opportunities for capital renewal and expansion
- $3.6 million investment in research
- $2.2 million towards branding and marketing activities
- $2.1 million wireless network expansion

Increased net one-time costs of $10.8 million reflect further investments in equipment, student support, information technology, and supplies as a result of COVID-19 and the move to social distancing practices, online teaching and staff working from home, as well as investment in advertising expenses within the Branding and Marketing area.

3.1.5 Operating Fund Budget Update Conclusions

The 2020/21 Operating Fund is in an overall surplus position of $0.1 million, with a structural surplus of $42.1 million after net one-time expenditures of $42.0 million. The return to a structural surplus when compared to the budget is predominantly driven by the enrolment levels and related tuition, as well as expense savings related to the campus closure. The composition of the types of expenses has changed as plans and operations have adapted to the pandemic.

3.2 Ancillary Fund

Table 2: Ancillary Fund Summary

($ thousands)	2020/21 Budget	2020/21 Projection	2020/21 Variance
Revenues			
Ancillary sales and services	55,172	18,887	(36,285)
Total revenues	**55,172**	**18,887**	**(36,285)**
Expenses			
Salaries, wages and benefits	23,009	24,189	(1,180)
All other expenses	27,237	15,630	11,607
Transfers to (from) other funds*	16,199	10,725	5,474
Debt and financing charges	8,093	5,248	2,845
Total expenses	**74,538**	**55,792**	**18,746**
Excess of revenues over expenses	**(19,367)**	**(36,905)**	**(17,539)**
Fund balance, beginning of year	(2,357)	10,300	12,657
Fund balance, end of year	**(21,723)**	**(26,605)**	**(4,882)**

*Including transfers to capital

Ancillary operations provide essential academic and student support services across the University. Ancillary units enhance the student experience and contribute funding to both direct student support and the operating budget to support the core University mission.

The decision to close the campus due to the pandemic has had significant financial implications on the non-academic ancillaries, while the Centre for Continuing Education (CCE) has had to rapidly pivot to a full offering of online courses. The table in Appendix 2 shows detail of the revised projections versus original budget for individual ancillary units.

The 2020/21 original budget included a contingency reduction in revenues and related salaries, benefits, and cost of sales, assuming the full campus physical closure would end in September 2020 to account for the potential impact of COVID-19 of lower student numbers and events on campus. The revised projection for ancillaries reflects the extended campus closure for the fall and winter terms in 2020/21.

Ancillaries have taken extraordinary steps to provide core services while shutting down units and, in some cases, laying off casual, full-time, and part-time staff. Despite best efforts to mitigate losses, each non-academic ancillary (Campus Store, Hospitality Services, Housing and Conference Services, Media Production Services (MPS), and Parking Services) has a projected loss, which when combined totals $36.9 million. The analysis and planning to return each unit to break-even is ongoing and will be solidified when campus reopening plans are further defined.

3.3 Capital Fund

Overall, capital spending is expected to be lower than originally budgeted due to the impact of the COVID-19 pandemic. Shut down of construction late in 2019/20 caused delays in some projects which were then in progress, shifting expenditures to 2020/21. In addition, some projects were re-prioritized as a result of the campus closure in 2020/21, as well as uncertainty around the timing of future capital requirements and capital requirements. Current planning includes strategic investments in future years along with issuance of additional debt in 2021/22 to provide a continuing source of funds.

Table 3: Capital Spending by Project

($ thousands)

	2020/21 Budget	2020/21 Projection	2020/21 Variance
Approved projects			
Advanced Manufacturing Centre	-	340	340
Athletic and Recreation - Pulse and Student Space Expansion	30,110	16,600	(13,510)
CCEM CALM Lab Renovation	3,400	2,300	(1,100)
CFI 2017	-	4,378	4,378
Classroom Reconfiguration Plan	2,000	2,000	-
Deferred Maintenance Projects	5,020	5,020	-
DSB Expansion	29,726	-	(29,726)
Existing Building Infrastructure Asset Management and Renewal	8,000	8,000	-
Graduate Student Residence Partnership	13,642	13,642	-
Greenhouse and LSB Phase one	10,000	200	(9,800)
Innovation Hub - The Clinic	1,492	972	(520)
Lot K Parking Structure	7,000	7,000	-
McLean Centre for Collaborative Discovery	-	3,515	3,515
McMaster Main Street Residence	(2,950)	-	2,950
One-Stop Shop	6,000	400	(5,600)
Parking and Security Relocation	2,300	1,020	(1,280)
Peter George Center for Living and Learning	8,104	6,274	(1,830)
Research Commercialization & Spin-Off Space	9,980	6,900	(3,080)
Residence Renewal Program	2,000	-	(2,000)
Strategic Property Acquisitions	11,100	11,100	-
Other	3,052	3,931	879
Total approved projects	**149,975**	**93,591**	**(56,384)**

4 CONSOLIDATED RESULTS

The revenue and expense budgets for the Operating, Ancillary, Capital and other funds are prepared on a cash basis. McMaster's audited financial statements are prepared on a full accrual basis using the deferral method of accounting for revenue. Several adjustments are made to reconcile the Operating Fund's net income to consolidated results, including:

- Capital expenditures treated as immediate cash basis expenses are added back and only the net amortization expense is deducted, reflecting the useful life of the capital asset over time.
- Investment income earned or (lost) on internal endowments, net of funds not already transferred to the Operating Fund, are added back or (subtracted).
- Actuarial adjustments (excluding re-measurements) for pension and non-pension costs are recorded.
- Reclassifications to offset internal transactions between departments affecting revenues and expenditures are recorded.

4.1 STATEMENT OF OPERATIONS

Table 4: Consolidated Statement of Operations (Accrual Basis)

($ thousands)	2020/21 Budget	2020/21 Projection	2020/21 Variance	2021/22 Projection	2022/23 Projection	2023/24 Projection
Revenues						
Operating grants	273,794	275,392	1,598	274,973	274,687	274,463
Research grants and contracts	183,403	176,326	(7,077)	178,971	183,445	188,031
Tuition fees	349,130	406,427	57,297	434,405	473,981	510,467
Ancillary sales and services	55,172	18,887	(36,285)	89,902	92,905	101,731
Other revenues	211,017	182,362	(28,655)	195,746	199,660	211,640
Investment income (net)	48,131	50,975	2,845	54,625	66,176	68,982
Amortization of deferred capital contributions	45,033	39,650	(5,384)	40,778	43,749	53,352
Revenues from new capital projects	-	-	-	300	300	300
Additional revenue from internal loan repayment	17,382	14,869	(2,512)	18,792	19,988	24,882
Total revenues	**1,183,061**	**1,164,888**	**(18,173)**	**1,288,491**	**1,354,891**	**1,433,847**
Expenses						
Salaries and wages	558,181	561,814	(3,633)	590,471	611,846	648,557
Employee benefits	129,187	136,935	(7,748)	154,737	156,284	157,847
Supplies and services	402,084	365,182	36,903	369,658	387,424	416,234
Interest on long-term debt	13,155	13,151	3	15,674	18,195	18,149
Amortization of capital assets	93,441	80,652	12,789	83,955	88,803	94,571
Total expenses	**1,196,049**	**1,157,734**	**38,314**	**1,214,494**	**1,262,551**	**1,335,357**
Excess of revenues over expenses	**(12,988)**	**7,154**	**20,142**	**73,998**	**92,339**	**98,489**

4.1.1 2020/21 PROJECTION

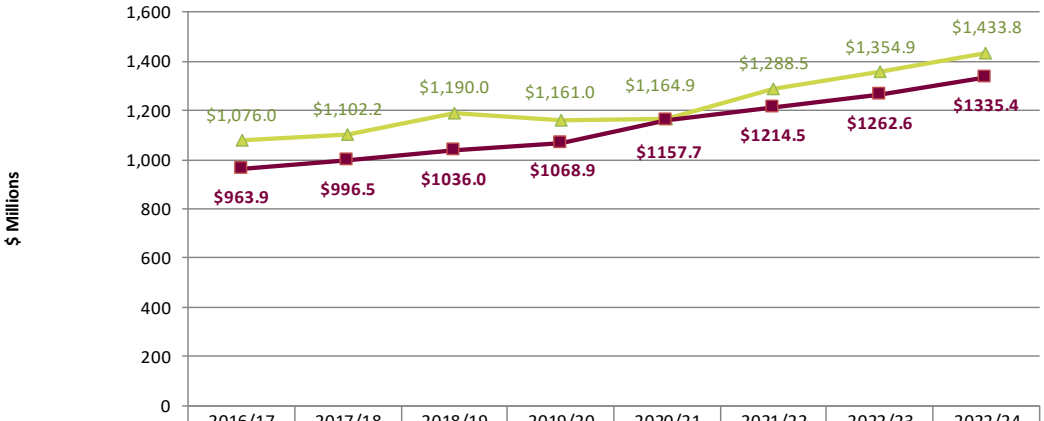
The significant uncertainty that existed at the time the 2020/21 budget was approved is evident from the variances when compared to the current projection. A surplus of $7.2 million is now projected compared to the original budget deficit of $13.0 million despite the extended campus closure, and assuming that the budgeted investment return rate is realized.

Despite increased tuition revenue of $57.3 million, total projected revenues have declined by $18.2 million as the campus remains closed for the full fiscal year rather than reopening in September 2020 as originally assumed, reducing ancillary sales and other revenues as outlined above. In addition, the campus closure has limited the ability to conduct research, which is projected to reduce income on research grants and contracts by $7.1 million continuing the reduction experienced in 2019/20. Finally, the combination of the COVID-19 pandemic and the outcome of the US presidential election makes it difficult to project investment income. The current assumption is that working capital will continue to earn a minimal return, while longer-term investments will earn 4%. A 1% variance in actual results would impact investment income by $6.2 million, and a return to the historical average rate of 5.6% would increase income by $9.9 million to produce a surplus of $17.1 million in 2020/21.

Expenses are projected to be $38.3 million less than originally budgeted, mainly due to lower supplies and services expense. Although this expense will increase by over 20% over 2019/20 due to costs related to the pandemic, the current projection is $36.9 million less than the original budget, primarily due to lower costs for ancillaries that are not operating, including cost of sales that will not be realized, as well as budgeted expenses for new capital projects that have been delayed.

4.1.2 Future Outlook

Figure 10: Consolidated Outlook



	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Projection	2021/22 Projection	2022/23 Projection	2022/24 Projection
Surplus (deficit)	$112.1	$105.7	$154.0	$92.1	$7.2	$74.0	$92.3	$98.5
Revenue	$1,076.0	$1,102.2	$1,190.0	$1,161.0	$1,164.9	$1,288.5	$1,354.9	$1,433.8
Expenses	$963.9	$996.5	$1,036.0	$1,068.9	$1,157.7	$1,214.5	$1,262.6	$1,335.4
YoY Revenue Growth	13%	2%	8%	-2%	0%	11%	5%	6%
YoY Expenses Growth	4%	3%	4%	3%	8%	5%	4%	6%

Revenue Expenses

Looking ahead to 2021/22 and beyond, the projected surplus returns to the pre-COVID-19 level by 2022/23. This projection assumes a full return to campus in May 2021.

- Tuition continues to increase as domestic enrolment remains high with the 2020/21 cohort advancing to upper levels, and international enrolment continues to increase.

- Ancillary sales and other revenues impacted by the closure begin again at previous levels.
- Income from long-term investments is conservatively estimated at 4.0% in 2020/21 and 2021/22, rising to the historical average rate of 5.6% by 2023/24.
- Salaries increase in 2021/22 as laid-off employees return to work. Salary rates are assumed to increase at a greater rate in 2023/24 as the provincially mandated 1% cap comes to an end.
- Employee benefits are higher in 2021/22 due to increased current service costs for pensions, driven by lower rates of return on investments.
- Supplies and services are projected to increase by less than usual in 2021/22 as additional pandemic costs are not incurred, with annual expense increases at normal levels thereafter.
- Interest expense increases in 2021/22 assuming an additional $125 million in new debt is issued to fund capital projects.

4.2 Statement of Financial Position

Table 5: Consolidated Statement of Financial Position

($ thousands)	2020/21 Budget	2020/21 Projection	2020/21 Variance	2021/22 Projection	2022/23 Projection	2023/24 Projection
Assets						
Cash	33,224	17,541	(15,682)	18,412	19,116	20,208
Short-term investments	166,118	198,449	32,331	208,178	216,416	228,896
Medium-term investments	164,149	116,969	(47,180)	136,108	109,788	123,227
Long-term investments	826,699	1,116,406	289,707	1,146,881	1,181,291	1,221,345
Capital assets	1,354,513	1,304,394	(50,119)	1,479,691	1,699,323	1,891,391
Other assets	164,689	218,485	53,796	222,855	227,312	231,858
Total assets	**2,709,391**	**2,972,244**	**262,853**	**3,212,126**	**3,453,246**	**3,716,925**
Liabilities and deferred contributions						
Current portion of long-term debt	678	678	-	703	728	755
Deferred contributions for future expenses	371,362	379,191	7,828	387,443	395,861	404,446
Deferred capital contributions	482,974	505,652	22,678	542,495	661,566	793,909
Long-term debt	251,742	251,710	(32)	376,008	375,279	374,524
Decommissioning obligation	15,912	15,490	(421)	16,683	17,968	19,351
Employee future benefits and pension	346,214	457,415	111,201	466,563	475,894	485,412
Other liabilities	196,530	175,695	(20,835)	179,209	182,793	186,449
Total liabilities and deferred contributions	**1,665,412**	**1,785,831**	**120,419**	**1,969,104**	**2,110,089**	**2,264,847**
Net assets						
Unrestricted	10,755	-	(10,755)	-	-	-
Internally restricted reserves	(91,900)	24,907	116,807	70,532	64,208	104,420
Internally restricted endowments	115,505	140,709	25,204	139,961	141,173	142,764
Externally restricted endowments	390,501	474,443	83,943	472,043	476,026	482,690
Net investment in plant, adjusted	619,119	546,354	(72,765)	560,485	661,750	722,203
Total net assets	**1,043,979**	**1,186,413**	**142,434**	**1,243,022**	**1,343,157**	**1,452,078**
Total liabilities and net assets	**2,709,391**	**2,972,244**	**262,853**	**3,212,126**	**3,453,246**	**3,716,925**

The Statement of Financial Position is the University's consolidated balance sheet. The largest changes compared to the original budget are driven by variances to starting position from in 2019/20 results, as well as the improved surplus in the Operating Fund.

Total assets are projected to increase by $262.9 million compared to budget, primarily due to the increase in cash and investments by $259.2 million as the 2019/20 investment loss at -1.9% net of investment management fees was significantly better than the original estimate of -18.0%. Changes in the balances of capital and other assets are offsetting. Since the beginning of the pandemic in fiscal 2019/20 capital projects have been deferred or delayed, with lower expenditures of $72.2 million to the end of 2020/21. As a result, capital assets net of depreciation are projected to be $50.1 million less than originally budgeted. Other assets are higher due to additional prepayments for research equipment, as well as loans to the McMaster Innovation Park.

Total liabilities are projected to increase by $120.4 million compared to budget. Deferred contributions increased in connection with delays in both capital and research projects. Remeasurement of liabilities for employee future benefits and pension in 2019/20 increased the liability by $84.0 million over the expected level, with an additional increase projected in 2020/21 due to lower assumed interest rates.

Total net assets are projected to increase by $142.4 million compared to budget. The beginning balance of internally restricted reserves was higher than budget by $56.3 million because of the improved Operating Fund surplus and lower investment loss in 2019/20. The remainder of the $116.8 increase is due to the higher Operating Fund surplus in 2020/21. These internal reserves are a critical component of the University's financial health strategy to ensure funding is appropriately set aside today for future obligations arising from current faculty, staff and activities. Internally and externally restricted endowments are also higher because of lower investment loss, while the reduced net investment in plan is due to deferred or delayed capital expenditures.

4.3 METRICS

4.3.1 HIGHLIGHTS

Table 6: Budget Financial Highlights

($ millions)

	2020/21 Budget	2020/21 Projection	2020/21 Variance	2021/22 Projection	2022/23 Projection	2023/24 Projection
Total net assets	1,044.0	1,186.4	142.4	1,243.0	1,343.2	1,452.1
Available expendable resources	293.5	513.2	219.7	544.4	524.5	551.1
Capital spending	191.6	176.6	(15.0)	259.3	308.4	286.6
Total revenues	1,183.1	1,164.9	(18.2)	1,288.5	1,354.9	1,433.8
Total expenses	1,196.0	1,157.7	(38.3)	1,214.5	1,262.6	1,335.4
Excess of revenues over expenses - consolidated	(13.0)	7.2	20.1	74.0	92.3	98.5
Excess/(deficiency) of revenues over expenses - Operating Fund	(53.9)	0.1	53.9	(7.4)	7.6	(1.1)

4.3.2 DEBT MANAGEMENT RATIOS

MCU requires the above ratios to be reported each year, and in the annual SMA report. No targets have been set by MCU, however McMaster is satisfied that the resulting ratios are consistent with the University's own credit management ratios, shown in the table below. These ratios have improved as compared to the original budget and conform to the University's Debt Management Policy with the temporary exception of the net income/(loss) ratio. These ratios are consistent with those monitored by the University's credit rating agencies.

Table 7: Debt Management Ratios

	2020/21 Budget	2020/21 Projection	2020/21 Variance	2021/22 Projection	2022/23 Projection	2023/24 Projection
Debt Management Policy Ratios						
Expendable Net Assets to Debt (Target > 1.0x)	1.1	1.9	0.8	1.4	1.3	1.4
Interest Burden (Target < 4.0%)	1.2%	1.2%	0.0%	1.4%	1.6%	1.5%
Debt per FTE (Target < $12,000)	8,731	7,965	(766)	11,512	11,300	11,201
Debt Management Monitoring Ratios						
Net Income/(Loss) Ratio (McMaster Target > 1.0%)	-1.1%	0.6%	1.7%	5.7%	6.8%	6.9%
Net Operating Revenues (McMaster Target > 2.0%)[1]	2.0%	6.0%	4.0%	10.0%	11.0%	11.0%
Primary Reserve Ratio (McMaster Target > 91 days)[2]	91	161	69	164	153	150
Viability Ratio (McMaster Target > 1.0)[3]	1.1	1.9	0.8	1.4	1.3	1.4

[1]Measures cash flow from operating activities as a proportion of revenues

[2]Measures the number of days University reserves can cover operating expenses

[3]Measures the proportion of long-term debt that could be settled using unrestricted assets

5 CONCLUSIONS ON THE 2020/21 INTERIM REPORT

Despite the improved enrolment position and confirmed campus closure for the entire fiscal year, the risk posed by the COVID-19 pandemic continues to create the greatest uncertainty around the 2020/21 projection and future years. Annual surpluses and availability of funding for strategic projects are heavily dependent on continuing international enrolment growth and positive investment returns, which will be more challenging the longer the restrictions continue. While it has proved possible to operate both academic and administrative functions remotely, planning is continuing for a return to campus. What that will look like and when it will happen are still unclear.

APPENDIX 1 – OPERATING FUND UNIT LEVEL TABLES

Note: Balances below do not reflect any additional allocation decisions that may be recommended by the Budget Committee pursuant to receiving the support unit budgets in November 2020.

Table 8: Operating Fund 2020/21 Projection by Unit

($ thousands)	Sources of Funding					Salaries & Benefits			Non-salary Expenses				Total Expenses	Annual Surplus (Deficit)
	Framework Allocation	University Fund Allocation	Research Overhead Income	Other Income	Total Income	Salaries & Wages	Benefits & PDA	Total	Scholarships	Library Acquisitions	All Other Expenses	Total		
1. Faculties														
Business	58,839	-	-	4,550	63,389	31,409	7,639	39,048	1,338	-	16,594	17,932	56,980	6,410
Engineering	84,134	1,173	1,496	2,562	89,365	53,647	13,599	67,246	2,010	-	18,355	20,365	87,611	1,754
Health Sciences	69,970	1,289	7,185	35,360	113,804	87,665	23,401	111,065	2,113	-	2,420	4,533	115,599	(1,795)
Humanities	25,428	1,826	340	12,508	40,102	28,391	7,506	35,897	336	(0)	2,686	3,022	38,918	1,184
Science	80,492	573	448	1,550	83,063	53,975	15,203	69,178	513	-	20,424	20,937	90,115	(7,052)
Medical Radiation - Mohawk share	4,287	-	-	-	4,287	-	-	-	-	-	4,288	4,288	4,288	(1)
Social Sciences	42,558	1,042	50	737	44,386	29,755	7,976	37,732	305	-	2,836	3,141	40,872	3,514
Arts & Science	1,506	57	-	4	1,567	1,901	160	2,061	7	-	(214)	(206)	1,854	(288)
Sub-total	**367,214**	**5,960**	**9,519**	**57,271**	**439,963**	**286,743**	**75,484**	**362,227**	**6,621**	**(0)**	**67,390**	**74,011**	**436,238**	**3,726**
2. Academic Priorities														
University Fund	41,334	(6,330)	-	-	35,004	550	-	550	-	-	39,299	39,299	39,849	(4,845)
Revenue Projection Contingency	(3,450)	-	-	-	(3,450)	-	-	-	-	-	-	-	-	(3,450)
Ongoing Priorities Contingency	5,475	-	-	-	5,475	(1,679)	-	(1,679)	-	-	(5,823)	(5,823)	(7,502)	12,977
One-time Priorities Contingency	(654)	-	-	-	(654)	-	-	-	-	-	-	-	-	(654)
Sub-total	**42,705**	**(6,330)**	**-**	**-**	**36,375**	**(1,129)**	**-**	**(1,129)**	**-**	**-**	**33,476**	**33,476**	**32,347**	**4,028**
TOTAL ACADEMIC	**409,919**	**(370)**	**9,519**	**57,271**	**476,338**	**285,614**	**75,484**	**361,098**	**6,621**	**(0)**	**100,866**	**107,487**	**468,585**	**7,753**
3. Academic Support														
Provost's Office	7,771	-	-	(45)	7,726	6,443	1,350	7,792	33	-	1,928	1,961	9,754	(2,027)
Museum of Art	623	-	-	236	859	779	242	1,021	-	-	(191)	(191)	830	29
MacPherson Institute	3,517	-	-	150	3,667	3,418	840	4,258	-	-	(365)	(365)	3,893	(226)
University Library	21,788	-	-	254	22,042	6,870	2,058	8,928	3	11,676	1,562	13,241	22,168	(127)
Health Sciences Library	4,507	120	30	33	4,690	1,680	455	2,135	-	3,426	(922)	2,504	4,639	51
Registrar	5,572	-	-	2,434	8,006	6,129	1,916	8,045	-	-	104	104	8,148	(142)
Sub-total	**43,778**	**120**	**30**	**3,061**	**46,989**	**25,319**	**6,860**	**32,180**	**36**	**15,101**	**2,116**	**17,253**	**49,432**	**(2,443)**
4. Research Support														
Research	10,830	250	2,957	10,653	24,690	12,998	3,855	16,853	95	1	7,674	7,770	24,623	67
VP Research Discretionary Fund	2,463	-	-	(0)	2,463	-	-	-	-	-	597	597	597	1,866
Research Loans	-	-	-	-	-	-	-	-	-	-	(89)	(89)	(89)	89
Sub-total	**13,293**	**250**	**2,957**	**10,653**	**27,153**	**12,998**	**3,855**	**16,853**	**95**	**1**	**8,183**	**8,278**	**25,131**	**2,022**
5. Student Support														
Graduate Scholarships	13,243	-	-	-	13,243	600	-	600	12,613	-	(0)	12,613	13,213	30
School of Graduate Studies	2,810	-	-	58	2,868	1,917	533	2,450	55	-	468	523	2,973	(105)
Student Affairs	5,846	-	-	16,961	22,807	10,986	3,142	14,127	477	-	11,311	11,788	25,915	(3,109)
DBAC Building Financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DBAC Deferred Maintenance	-	-	-	-	-	-	-	-	-	-	(160)	(160)	(160)	160
Undergraduate Scholarships	14,979	-	-	310	15,289	1,877	-	1,877	15,183	-	390	15,573	17,451	(2,161)
Sub-total	**36,878**	**-**	**-**	**17,329**	**54,207**	**15,381**	**3,674**	**19,055**	**28,328**	**-**	**12,009**	**40,337**	**59,392**	**(5,185)**
6. Facilities Support														
Facilities Services	16,455	-	-	1,109	17,564	12,296	3,580	15,876	-	-	1,888	1,888	17,764	(200)
HSC Maintenance	4,002	-	-	40	4,042	-	-	-	-	-	4,127	4,127	4,127	(85)
Utilities	23,911	-	-	1,824	25,735	1,576	563	2,139	-	-	22,394	22,394	24,533	1,202
Security	2,049	-	-	25	2,074	2,102	450	2,552	-	-	(292)	(292)	2,259	(185)
Deferred Maintenance	11,930	-	-	-	11,930	-	-	-	-	-	11,930	11,930	11,930	0
Bond Interest	10,089	-	-	-	10,089	-	-	-	-	-	10,088	10,088	10,088	1
Renovation contingency	974	-	-	-	974	-	-	-	-	-	974	974	974	0
Sub-total	**69,410**	**-**	**-**	**2,999**	**72,409**	**15,974**	**4,592**	**20,566**	**-**	**-**	**51,109**	**51,109**	**71,676**	**733**
7. Institutional Support														
Administration	16,122	-	-	1,784	17,906	12,440	3,659	16,099	-	-	3,759	3,759	19,858	(1,952)
UTS Asset Management	1,500	-	-	-	1,500	-	-	-	-	-	1,433	1,433	1,433	67
UTS/Technology Fund	19,386	-	-	97	19,483	9,593	2,797	12,389	-	-	9,962	9,962	22,352	(2,868)
University Secretariat	977	-	-	56	1,033	795	234	1,029	-	-	47	47	1,076	(44)
President's Office	1,169	-	-	-	1,169	423	122	545	-	-	2,621	2,621	3,166	(1,997)
University Advancement	5,760	-	-	24	5,784	6,958	1,904	8,863	-	-	(3,698)	(3,698)	5,164	620
General University	10,485	-	-	2,135	12,620	1,267	203	1,469	-	-	12,199	12,199	13,668	(1,048)
Sub-total	**55,399**	**-**	**-**	**4,096**	**59,495**	**31,475**	**8,919**	**40,394**	**-**	**-**	**26,324**	**26,324**	**66,718**	**(7,222)**
8. Institutional Priority allocations														
Technology Renewal	4,517	-	-	-	4,517	-	-	-	-	-	-	-	-	4,517
Marketing & Branding	3,294	-	-	-	3,294	793	190	984	-	-	3,875	3,875	4,859	(1,565)
Pension	22,175	-	-	-	22,175	-	22,175	22,175	-	-	-	-	22,175	-
President's Strategic Support Fund	1,400	-	-	-	1,400	-	-	-	-	-	(79)	(79)	(79)	1,479
Sub-total	**31,386**	**-**	**-**	**-**	**31,386**	**793**	**22,365**	**23,159**	**-**	**-**	**3,797**	**3,797**	**26,955**	**4,431**
Surplus/(Deficit)	**660,063**	**0**	**12,505**	**95,409**	**767,977**	**387,555**	**125,750**	**513,305**	**35,079**	**15,102**	**204,403**	**254,584**	**767,889**	**88**
Under/(over)allocated	-	-		(3,061)	(3,061)	-	-	-			(3,061)	(3,061)	(3,061)	-
Total Surplus/(Deficit)	**660,063**	**0**	**12,505**	**92,348**	**764,916**	**387,555**	**125,750**	**513,305**	**35,079**	**15,102**	**201,341**	**251,522**	**764,828**	**88**

Note: Projection is prior to allocation of any additional 2020/21 funding that may be recommended by the Budget Committee

Table 9: Operating Fund Annual Net Change by Unit

($ thousands)	2020/21		2020/21
	Budget	Projection	Variance
1. Faculties			
Business	0	6,410	6,410
Engineering	(5,080)	1,754	6,834
Health Sciences	(6,115)	(1,795)	4,320
Humanities	1,241	1,184	(57)
Science	(2,232)	(7,052)	(4,820)
Medical Radiation - Mohawk share	-	(1)	(1)
Social Sciences	518	3,514	2,996
Arts & Science	(532)	(288)	244
Sub-total	**(12,200)**	**3,726**	**15,926**
2. Academic Priorities			
University Fund	(7,079)	(4,845)	2,235
Revenue Projection Contingency	(31,492)	(3,450)	28,042
Ongoing Priorities Contingency	35	12,977	12,942
One-time Priorities Contingency	(654)	(654)	(0)
Sub-total	**(39,191)**	**4,028**	**43,219**
TOTAL ACADEMIC	**(51,391)**	**7,753**	**59,144**
3. Academic Support			
Office of the Provost	(1,706)	(2,027)	(322)
Museum of Art	(0)	29	29
MacPherson Institute	(596)	(226)	370
University Library	386	(127)	(512)
Health Sciences Library	(187)	51	237
Registrar	(381)	(142)	239
Sub-total	**(2,484)**	**(2,443)**	**41**
4. Research Support			
Research	(423)	67	489
VP Research Discretionary Fund	0	1,866	1,866
Research Loans	89	89	-
Sub-total	**(334)**	**2,022**	**2,355**
5. Student Support			
Graduate Scholarships	(0)	30	30
School of Graduate Studies	(260)	(105)	155
Student Affairs	(548)	(3,109)	(2,561)
DBAC Building Financing	-	-	-
DBAC Deferred Maintenance	160	160	(0)
Undergraduate Scholarships	(0)	(2,161)	(2,161)
Sub-total	**(649)**	**(5,185)**	**(4,536)**
6. Facilities Support			
Facilities Services	(56)	(200)	(144)
HSC Maintenance	0	(85)	(85)
Utilities	(93)	1,202	1,295
Security	(276)	(185)	91
Deferred Maintenance	(0)	0	0
Bond Interest	-	1	1
Renovation contingency	0	0	(0)
Sub-total	**(425)**	**733**	**1,158**
7. Institutional Support			
Administration	(1,398)	(1,952)	(554)
UTS/Technology Fund	(2,031)	(2,868)	(838)
UTS Asset Management	(193)	67	260
University Secretariat	3	(44)	(47)
Presidential Budget	63	(1,997)	(2,060)
University Advancement	(911)	620	1,530
General University	85	(1,048)	(1,133)
Sub-total	**(4,381)**	**(7,222)**	**(2,841)**
8. Institutional Priority allocations			
Technology Renewal	4,517	4,517	0
Marketing & Branding	1,288	(1,565)	(2,853)
Pension	(0)	(0)	(0)
Strategic Priorities	-	1,479	1,479
Sub-total	**5,805**	**4,431**	**(1,374)**
Surplus/(Deficit)	**(53,859)**	**88**	**53,947**
Under/(over)allocated	(0)	(0)	(0)
Total Surplus/(Deficit)	**(53,859)**	**88**	**53,947**

APPENDIX 2 – ANCILLARY FUND UNIT LEVEL TABLES

($ thousands)	CCE		Campus Store		MPS		Parking		Hospitality		Housing & Conference		Ancillary Contingency		Total	
	2020/21 Budget	2020/21 Projection	2020/21 Budget	2020/21 Projection	2020/21 Budget	2020/21 Projection	2020/21 Budget	2020/21 Projection	2020/21 Budget	2020/21 Projection	2020/21 Budget	2020/21 Projection	2020/21 Budget	2020/21 Projection	2018/19 Projection	2019/20 Budget
Sources of funding																
Sales	7,533	7,811	14,519	9,645	400	56	6,383	153	29,120	566	33,340	655	(36,123)	-	55,172	18,887
Internal revenue	765	745	415	610	4,420	1,395	15	(48)	1,698	(25)	(17)	(67)	-	-	7,295	2,609
Total sources of funding	**8,298**	**8,556**	**14,934**	**10,255**	**4,820**	**1,451**	**6,397**	**105**	**30,818**	**541**	**33,323**	**587**	**(36,123)**	**-**	**62,467**	**21,496**
Expenditure																
Salaries, wages and benefits	5,699	5,547	2,863	2,451	1,913	1,745	1,300	836	13,194	5,924	8,839	7,687	(10,798)	-	23,009	24,189
Cost of sales	-	-	10,557	7,808	1,581	376	-	-	10,488	211	-	-	(7,263)	-	15,364	8,396
Internal rent	479	479	458	458	115	118	30	30	1,082	1,224	3,884	3,884	-	-	6,048	6,193
Utilities and maintenance	14	14	17	12	44	13	184	125	794	630	4,233	3,184	-	-	5,285	3,978
Debt and financing charges	-	-	28	28	-	-	1,777	282	135	135	6,153	4,803	-	-	8,093	5,248
Equipment and renovations	487	297	255	202	806	256	688	126	2,264	159	4,957	1,315	-	-	9,457	2,355
All other expenses	1,804	1,751	333	359	181	130	1,850	916	2,905	211	4,003	1,175	-	-	11,077	4,542
Total expenditures	**8,483**	**8,088**	**14,511**	**11,318**	**4,640**	**2,637**	**5,829**	**2,315**	**30,864**	**8,494**	**32,069**	**22,049**	**(18,061)**	**-**	**78,333**	**54,901**
Surplus (deficit) from operations	**(185)**	**469**	**423**	**(1,063)**	**180**	**(1,186)**	**568**	**(2,210)**	**(45)**	**(7,953)**	**1,254**	**(21,461)**	**(18,062)**	**-**	**(15,866)**	**(33,405)**
Contribution to Operating Fund	**(349)**	**(349)**	**(218)**	**(218)**	**(177)**	**(177)**	**(280)**	**(280)**	**(1,226)**	**(1,226)**	**(1,251)**	**(1,251)**	**-**	**-**	**(3,501)**	**(3,501)**
Surplus (deficit)	**(534)**	**120**	**205**	**(1,281)**	**3**	**(1,363)**	**288**	**(2,490)**	**(1,271)**	**(9,179)**	**4**	**(22,712)**	**(18,062)**	**-**	**(19,367)**	**(36,905)**
Reserve																
Beginning Balance	2,772	3,373	117	(162)	353	354	516	553	5,064	5,435	686	747	(11,864)	-	(2,357)	10,300
Reserve Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus (deficit)	(534)	120	205	(1,281)	3	(1,363)	288	(2,490)	(1,271)	(9,179)	4	(22,712)	(18,062)	-	(19,367)	(36,905)
Closing Balance	**2,238**	**3,493**	**322**	**(1,444)**	**356**	**(1,009)**	**804**	**(1,937)**	**3,793**	**(3,743)**	**690**	**(21,965)**	**(29,925)**	**-**	**(21,723)**	**(26,605)**