

## Principle

## Implementation

### C. Investment and risk management framework

<p>18. The SWF's investment policy should be clear and consistent with its defined objectives, risk tolerance, and investment strategy, as set by the owner or the governing body(ies), and be based on sound portfolio management principles.</p> <p>18.1. The investment policy should guide the SWF's financial risk exposures and the possible use of leverage.</p> <p>18.2. The investment policy should address the extent to which internal and/or external investment managers are used, the range of their activities and authority, and the process by which they are selected and their performance monitored.</p> <p>18.3. A description of the investment policy of the SWF should be publicly disclosed.</p>	<p>GIC's investment policy and activities are anchored by the policy portfolio. It defines the asset classes that GIC invests in, and how it allocates funds to these asset classes. The purpose is to meet the investment return objective within the risk tolerance determined by the Government as owner of the funds.</p> <p>Investment decisions comply with prescribed guidelines and limits to ensure that they keep within the Investment Mandate from the Government. At all levels of investment decision-making, the risks taken by our portfolio managers and their investment results are constantly monitored. Clear mandates are provided to internal and external managers, stating the range of their activities and authority. In addition, the independent risk and performance management department regularly monitors the portfolio's performance, risk and asset exposures against the approved thresholds and limits.</p> <p>Allocation between internal and external managers is based on the principle of best sourcing. These managers are selected for their ability to exploit investment opportunities beyond GIC's current skill set and to complement GIC's internal management capability.</p> <p><a href="http://www.gic.com.sg/newsroom/reports">http://www.gic.com.sg/newsroom/reports</a></p>
<p>19. The SWF's investment decisions should aim to maximize risk-adjusted financial returns in a manner consistent with its investment policy, and based on economic and financial grounds.</p>	<p>We do not invest other than for economic and financial considerations.</p>

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<p>19.1. If investment decisions are subject to other than economic and financial considerations, these should be clearly set out in the investment policy and be publicly disclosed.</p> <p>19.2. The management of an SWF's assets should be consistent with what is generally accepted as sound asset management principles.</p>	
<p>20. The SWF should not seek or take advantage of privileged information or inappropriate influence by the broader government in competing with private entities.</p>	<p>GIC does not have, nor does it seek, access to privileged information or inappropriate influence through the Government. The Government neither directs nor interferes in GIC's investment decisions. GIC's compliance manual for staff further provides a framework to prevent access to and use of privileged information.</p>
<p>21. SWFs view shareholder ownership rights as a fundamental element of their equity investments' value. If an SWF chooses to exercise its ownership rights, it should do so in a manner that is consistent with its investment policy and protects the financial value of its investments. The SWF should publicly disclose its general approach to voting securities of listed entities, including the key factors guiding its exercise of ownership rights.</p>	<p>Consistent with our portfolio management approach, GIC will exercise ownership rights in our investments, where appropriate, to protect the financial interests of the assets under our management. Our general approach to the exercise of our ownership rights is guided by financial considerations.</p>
<p>22. The SWF should have a framework that identifies, assesses, and manages the risks</p>	<p>Identifying and managing risk is a clear and integral part of management responsibility at all levels in GIC. The risk management framework sets the accountability and</p>

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<p>of its operations.</p> <p>22.1. The risk management framework should include reliable information and timely reporting systems, which should enable the adequate monitoring and management of relevant risks within acceptable parameters and levels, control and incentive mechanisms, codes of conduct, business continuity planning, and an independent audit function.</p> <p>22.2. The general approach to the SWF's risk management framework should be publicly disclosed.</p>	<p>responsibility parameters for risk-taking. In addition to the Board and its risk committee, different bodies and groups are specifically charged with the task of identifying, analysing, monitoring, reporting and on-the-ground managing of risks.</p> <p>Our approach to risk management is three-pronged: managing portfolio risk to ensure appropriate and efficient risk-taking; managing process risk so that investment decisions are implemented well; and managing people risk.</p> <p><a href="http://www.gic.com.sg/newsroom/reports">http://www.gic.com.sg/newsroom/reports</a></p>
<p>23. The assets and investment performance (absolute and relative to benchmarks, if any) of the SWF should be measured and reported to the owner according to clearly defined principles or standards.</p>	<p>Our assets and investment performance (absolute, and relative to benchmarks if any) are measured and reported to the owner according to clearly defined principles or standards.</p> <p><a href="http://www.gic.com.sg/newsroom/reports">http://www.gic.com.sg/newsroom/reports</a></p>
<p>24. A process of regular review of the implementation of the GAPP should be engaged in by or on behalf of the SWF.</p>	<p>GIC regularly reviews our implementation of the GAPP, and we have published our assessment in this report.</p>