



**WORLD[®]
SCOUTING**

Investment Policy

**Adopted by the World
Scout Committee**

on 29 August 2020

I. Overview

- Establish general rules and control processes for the approval, acquisition, divestment, and management of investments within the World Scout Bureau (WSB) at the respective global and regional support centres.
- Outline the presentation, disclosure, and valuation requirements in accordance with Swiss GAAPFER.

II. Purpose and Scope

- The primary purpose is to provide clear operation and control processes for managing and monitoring the WSB's investment portfolios.
- Common forms of investment within the context of this guideline are:
 - Term deposits and securities with licensed banks or other financial institutions;
 - Initial capital placement with a fund manager with a proven track record and;
 - Initial capital placement with the World or the Regional Scout Foundation.
- The scope of this guideline excludes the following:
 - Real estate property which is governed under the "Property Acquisition and Sale" policy;
 - Placement of temporary excess fund from operation in term bank deposit to maximise return during the budgetary year and;
 - Investment in the Arab Scout Centre, which is presently governed by a Board of Directors.

III. Definition

- Investment is an activity of investing permanent surplus funds or capital outlay to gain profitable returns in the form of either interest, dividend, income or appreciation in value. An investment always involves allocating an initial outlay in hopes of a greater payoff in the future.
- The surplus fund or capital outlay, for example, an endowment from a donor, can be placed directly with a licensed bank or other financial institutions in term deposits and in securities such as bonds, shares, and other derivatives, whose value is derived from contractual claims.
- The WSB can also invest through third parties, such as professional fund managers or Scout Foundations.

IV. General Rule

- The investment guideline aims to provide guidance on managing and monitoring the WSB's investment portfolios, with a view to ensuring capital preservation and reasonable growth, while avoiding undue exposure to risk.
- Investment decision shall be made in a manner consistent with the moral and social obligation of Scouting.
- Before any decision to invest or divest is considered, the WSB will present to the Finance or Investment Committee at the World or Regional level, depending on the Support Centres where the investment is located, to evaluate and analyse various proposals within the parameters of this guideline to determine the best possible investment options and returns that correspond with the risk profile of the WSB.

- All investment or divestment decisions are endorsed by the relevant Finance or Investment Committee in the respective Support Centres. The decision can also arise from a conference resolution.
- Investment decisions must be clearly documented and supported by governing documents through either certification from a financial institution or an explicit agreement with a fund manager or Scout Foundation. Governing documents should be safeguarded at all times.
- Should the investment be placed with a fund manager, the WSB should:
 - Conduct a proper due diligence exercise to review the manager’s background, past years’ performance, as well as commitment to regulatory compliance, internal controls and financial stability at the beginning of the engagement.
 - Ensure that the fund manager is credible and trustworthy, and has complete market knowledge of existing investment plans and the various risks involved.
- Should the fund be entrusted with a fund manager or Scout Foundation, the WSB will require at least quarterly reporting, with sufficient details that can enable the WSB to achieve the following:
 - Understand the risk profile and exposure of the fund invested in.
 - Evaluate the performance and returns of the investments.
 - Facilitate a decision to either continue investing or divest.
- For a restricted endowment fund in which only interest can be spent, the WSB can invest the principal only in accordance with the donor’s wishes and at a risk level acceptable to the donor.
- Investment decisions must be clearly documented and supported by a governing document through either certification from the financial institution or an explicit agreement with the fund manager or the Scout Foundation. The governing document should be safeguarded at all times.
- Should the investment be placed with a fund manager, the WSB should:
 - Conduct a proper due diligence exercise to review the manager’s background, past years’ performance, as well as commitment to regulatory compliance, internal controls and financial stability at the beginning of the engagement.
 - Ensure that the fund manager is credible, trustworthy and has complete market knowledge about existing investment plans and the various risks involved.
- Should the fund be entrusted with a fund manager or Scout Foundation, the WSB will require at least quarterly reporting, with sufficient details that can enable the WSB to achieve the following:
 - Understand the risk profile and exposure of the fund invested in.
 - Evaluate the performance and returns of the investments.
 - Facilitate a decision to either continue investing or divest.
- For a restricted endowment fund in which only the interest can be spent, the WSB can invest the principal in accordance with the donor’s wishes and at a risk level acceptable to the donor.

V. Presentation, Disclosure, and Validation

A) Balance Sheet

- Investments with a maturity of three months or less at the date of acquisition are generally considered as “cash equivalent”. Cash equivalent investments are highly liquid and can be converted to cash at any time, and are subject to insignificant risk of changes in value. Therefore, the fair value of these investments approximates their carrying acquisition cost. Cash and cash equivalents are presented under the cash position in the balance sheet.
- Investments not meeting the criteria of “cash equivalent” above, are either classified as current asset (maturity greater than three months but with remaining maturity less than one year) or non-current assets (maturity greater than one year).

- Investments classified as current assets are presented under “short-term investment” in the balance sheet and are generally recognised based on their carrying acquisition cost. However, securities are valued at actual market value, and any changes in the actual values are reflected in the result of the period in the Income Statement.
- On the other hand, investments classified as non-current assets are presented as “financial assets”. Financial assets are defined as investments in financial instruments whose value is derived from contractual claims. They are valued at acquisition cost less impairment, if any. However, financial assets such as securities are recognised at actual market value. Any changes in the actual values are reflected in the result of the period in the Income Statement.

B) Cash Flow Statement:

- **Cash flow from investing activities:** Investing activities comprise additions and disposals of financial assets, and these need to be separately disclosed in the financial year-end reporting package as follows:
 - Outflow for investment (purchase) of financial assets;
 - Inflow from the disposal (selling) of financial assets.

VI. Reference Documents

- Swiss GAAPFER2 Valuation
- Swiss GAAP FER 4 Cash Flow Statement
- Swiss GAAP FER 26 Derivative Financial Instruments
- Property Acquisition and Sale Policy
- Financial Commitments
- Internal Control on Special Fund Investment



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