

To: ONE Joint Investment Board
From: Donna Herridge, Co-President/Co-CEO, ONE Investment
Date: July 14, 2021
Re: ONE Investment Compliance Regime
Report: ONE JIB-006-21

1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the ONE Investment Compliance Regime Report.

2. SUMMARY

In accordance with the ONE Joint Investment Board Services Agreement signed by ONE JIB, ONE Investment, as its agent must provide a Chief Compliance Officer (CCO). This has been fulfilled through the appointment of Evelyn Foo of EFOO Consulting Inc. as the CCO.

The next steps in developing the ONE Investment compliance regime include development of a Compliance Policy and Procedure Manual and specific policies, including anti-money laundering and the associated training. ONE Investment has engaged Ara Compliance Support to assist the CCO with these products.

3. BACKGROUND

ONE Investment has obligations described in a variety of documents, including the *Municipal Act, 2001*, the Ontario Security Commission Exemption and various legal agreements that outline ONE's governance and compliance responsibilities

The ONE Joint Investment Board Services Agreement outlines the services provided by ONE Investment to the ONE JIB. Section 3.3 of the Agreement, included below, requires ONE Investment to engage or employ a Chief Compliance Officer (CCO) who is empowered to report directly to the ONE JIB:

"3.3 Services of a Chief Compliance Officer. ONE shall engage or employ a duly qualified individual to carry out the functions of a Chief Compliance Officer (CCO). The CCO (or individual performing such functions) shall be the most senior officer responsible for the design and implementation of the compliance program for ONE and the ONE Investment Offerings. The CCO shall be empowered to report directly to ONE JIB, and to engage in open and forthright discussions with ONE JIB without interference by management of ONE and free of any fear of reprisal by management of ONE."

ONE Investment hired a Chief Compliance Officer

EFOO Consulting Inc. was hired in February 2020 to provide the compliance function. It is a company comprised of one individual – Evelyn Foo, who is a CPA, CA and a CFA charter holder. EFOO Consulting Inc. oversees activities related to the ONE Investment, the Portfolio Managers, other experts such as our custodian, CIBC Mellon, and the portfolio management system, Harmony. Additionally, the CCO takes the lead in the preparation of the audited and unaudited Financial Statements of the Pooled Funds, the review of various agreements with the Portfolio Managers, year-end distributions, and the logistics associated with the set-up of the Investment Funds.

4. ANALYSIS

The current CCO has built strong relationships

To date, Ms. Foo has been very helpful in the setup of the Prudent Investment Funds. She has also worked with PricewaterhouseCoopers, auditors of the pools, in preparation of the Pooled Funds Financial Statements, implementation of the Harmony portfolio management system, as well as obtaining a higher level of service from CIBC Mellon. Also, she has worked closely with the CIO by providing advice and acting as a sounding board for investment decisions.

ONE Investment has contracted with Ara Compliance Services to assist the CCO

Given the specialized nature of the compliance service, ONE Investment has contracted with Ara Compliance Support to assist the CCO. The work of these two firms will complement each other and provide a seamless service to ONE Investment and ONE JIB. Ara Compliance Services will focus on a comprehensive compliance framework through the development of a policies and procedures manual, including policies related to anti-money laundering, as well as design and delivery of the required training.

ONE JIB will receive regular updates on ONE Investment's Compliance Regime

As the CCO and Ara Compliance Support work to strengthen ONE's compliance regime, regular updates will be provided to ONE JIB

5. CONCLUSION

The combined resources of EFOO Consulting Inc. and Ara Compliance Support will develop a comprehensive, rigorous compliance framework that recognizes the complexity of ONE Investments' and ONE JIB's unique governance structure.

Drafted by: Donna Herridge, Co-President/Co-CEO, ONE Investment

Approved by: Judy Dezell and Donna Herridge - Co-Presidents/Co-CEOs