

To: ONE Joint Investment Board
From: Evelyn Foo, Chief Compliance Officer, ONE Investment
Date: November 17, 2021
Re: Prudent Investment Funds Compliance Manual
Report: ONE JIB-O41-21

1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the Prudent Investment Funds Compliance Manual Report.

2. SUMMARY

This report provides a summary of the key components of the Compliance Manual governing the compliance program at ONE Investment.

3. BACKGROUND

In November 2018, ONE Investment received an exemption from the Ontario Securities Commission to act as a Portfolio Manager, Investment Fund Manager and Exempt Market Dealer. The exemption sets out a variety of conditions that include:

- Certain obligations to investors (e.g., know your client and suitability process, a periodic review of investor portfolios and investor reporting);
- Maintenance of adequate books and records;
- Maintenance of adequate insurance;
- Oversight of fund custodians and fund advisors;
- Periodic review of fund holdings; and,
- Filing an annual exempt distribution report.

The Chief Compliance Officer (CCO) function isn't a requirement of the Ontario Securities Commission exemption but is a requirement of ONE Investment's Service Agreement with the ONE JIB.

4. ANALYSIS

ONE Investment hired Ara Compliance Support to work with the CCO and ONE staff to develop ONE's Compliance Manual. The manual ensures compliance with the:

- Prudent Investment Standard
- OSC exemption

- Prudent business practices for registered Advisors.

The Compliance Manual contains six modules as follows:

- A) **Corporate Governance**, which discusses practices to ensure ONE operates under an effective Governance framework. Topics include:
 - Roles of the CCO and other key staff
 - Delegation of compliance tasks and responsibilities
 - Compliance oversight by the ONE JIB
- B) **Staff Conduct**, which prescribes personal codes of conduct and related requirements for ONE staff. Topics include:
 - Personal Investments
 - Outside Business Activities
 - Avoiding Conflicts of Interest
 - Gift Policy
- C) **Fund Management**, which prescribes fund management controls and processes. Topics include:
 - Appointment and oversight of third-party portfolio managers;
 - Selection and oversight of fund service providers;
 - Exempt distribution report filings
- D) **Consulting Services**, which sets out protocols with respect to advice that ONE Investment provides to ONE JIB and the participating municipalities. Topics include:
 - Suitability of the investment portfolio
 - Complaint Handling
 - Disclosures and Reporting
- E) **Record Keeping**, which establishes record keeping protocols, including protocols with respect to cybersecurity and business continuity procedures.
- F) **Anti-Money Laundering Regulation**, which addresses key elements of the AML Regulation applicable to ONE Investment's activities, including:
 - Annual Anti-Money Laundering Training
 - Anti-Money Laundering Record Keeping
 - Anti-Money Laundering Risk Assessments

5. CONCLUSION

The completion of the Compliance Manual is on target for December 2021. The CCO will update ONE JIB on the Compliance Manual in 2022.

Drafted by: Evelyn Foo, Chief Compliance Officer

Approved by: Judy Dezell, Co-CEO/Co-President/Donna Herridge, Co-CEO/Co-President