

## Attachment 1

Status: Draft

ONE Investment/ ONE Joint Investment Board (ONE JIB Statement of Policy			
Policy:	<b>Responsible Investing Policy</b>	<b>Date approved:</b>  <b>Date of Next Review:</b>	<b>Person Most Responsible:</b> Co-Presidents/CEO

### Purpose statement

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The purpose of this policy is to establish the principles governing responsible investing at ONE Investment.

ONE Investment and ONE JIB believe that ESG risks can have an impact on the long-term risk and return profiles of securities and should be considered in a prudent decision-making framework. Supporting ESG integration is consistent with the fiduciary duty of ONE JIB. ONE Investment and ONE JIB also believe that ESG risks can be further mitigated through engagement with companies and by exercising proxy votes. Investment managers will be selected and evaluated on their ESG and active engagement policies. ONE Investment and ONE JIB see these beliefs as being fully aligned with the long-term sustainability objectives of the communities they serve.

### Scope

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This policy is applicable to all actively managed assets under management through the ONE Investment Board governed Legal List Program and the ONE JIB governed Prudent Investment Program.

### Definitions

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- **Active Ownership** involves working with companies on ESG issues to influence and guide their business practices to a desired state. This can be accomplished through various mechanisms with differing levels of involvement, such as exercising proxy voting rights, writing a letter to the company, filing a shareholder resolution, or meeting with company executives.
- **ESG Investing** refers to the practice of incorporating environmental,

social, and governance factors into investment decisions.

- **ONE Investment** means the not-for-profit organization founded by CHUMS Financing Corporation and Local Authority Services that will serve as an agent of ONE JIB to supply management, administrative and other services required by ONE JIB in the discharge of ONE JIB's duties and responsibilities.
- **ONE JIB** refers to the ONE Joint Investment Board that was formed on May 19, 2020 under section 202 of the Municipal Act, as required under Part II of Ontario Regulation 438/97, to manage the investments of Ontario municipalities under the prudent investor regime. ONE JIB has a services agreement with ONE Investment.
- **ONE Legal List Investment Program** means the program in which municipalities and other eligible investors may jointly invest in securities that are prescribed in Part 1 of the Regulation under Section 418 of the Act.
- **ONE Prudent Investment Program** means the program for municipal investment in respect of which a Participating Municipality has appointed ONE JIB as its Joint Investment Board and has entered into the ONE JIB Agreement.
- **Responsible Investing** The United Nations Principles of Responsible Investing (UN PRI) defines as “a strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership.”
- **Sustainable Investing** is a term used by certain organizations to refer to the integration of ESG factors in investment decisions. ONE Investment and ONE JIB consider the term interchangeable with responsible investing.

## **Policy Principles**

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ONE Investment and ONE JIB commits to the following principles:

- (1) Appoint managers that have policies and processes for incorporating ESG considerations into their risk analysis and security selection.

- (2) Appoint managers that take active approaches to ownership, engaging with management to change practices to a more responsible or sustainable approach, where identified, and voting proxies in a manner that is consistent with the long-term sustainability of the organization and strong ESG practices consistent with responsible investing.
- (3) Communicate our ESG expectations to managers.
- (4) Engage with managers to better understand and evaluate their ESG integration process on at least an annual basis.
- (5) Engage with managers on ESG risks in the funds and portfolios.
- (6) Engage with managers on their active ownership activities.
- (7) Incorporate considerations for manager ESG processes and risk exposures as part of manager evaluation.
- (8) Provide resources and training opportunities on ESG matters for all staff and board members involved in investment decision-making.
- (9) Provide resources and training opportunities on ESG matters, with respect to investments, for our clients.
- (10) Communicate to clients on ESG initiatives undertaken by ONE Investment and ONE JIB.
- (11) Establish processes and practices that encourage continuous improvement of the ESG activities of ONE Investment and ONE JIB.

## **Governance**

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ONE Investment's Legal List and Prudent Investment Programs have different governance structures. Decisions with respect to the Legal List program are governed by the ONE Investment Board of Directors with input from the Peer Advisory Committee (municipal sector experts) and the Investment Advisory Committee (investment industry experts). Decisions with respect to the Prudent Investment program are governed by ONE JIB. To ensure consistency across programs, all ESG activities will be approved by both governing bodies. The governing bodies will provide recommendations with respect to improvements to ESG integration processes or remediation of ESG risks to Managers through ONE Investment staff.

As ONE Investment and ONE JIB are in the building phase of their joint responsible investing strategy, they have established a time-limited working group that will oversee the development of policies and procedures that will be put forward to the two governing bodies for final approval.

Established in 2023, the ESG Working Group is comprised of members and staff from each of the following stakeholder groups:

- ONE Investment Board of Directors – primarily comprised of municipal staff or elected officials
- ONE Joint Investment Board – governs the Prudent Investment Program and is comprised of a combination of municipal finance experts and institutional investment experts
- ONE’s Investment Advisory Committee – advises ONE Investment on the Legal List Program and is primarily comprised of institutional investment experts
- ONE Legal List Client – advises ONE Investment on the municipal perspective with respect to the Legal List Program and would provide a municipal finance staff perspective
- ONE Prudent Investor Client – advises ONE Investment on the municipal perspective with respect to the Prudent Investment Program and would provide a municipal finance perspective

The working group’s role is to aid ONE Investment and ONE JIB in developing appropriate policies and procedures with respect to ESG integration and ESG oversight responsibilities.

## **Reporting**

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We are committed to being transparent with our stakeholders and to regular reporting and disclosure activities. This commitment will be implemented through:

- Updating our website with responsible investing activities.
- Providing a responsible investing update annually.

## **Review**

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This policy shall be reviewed at least annually