

Attachment 2

ESG Working Group TERMS OF REFERENCE

ONE Investment offers a co-mingled investment portfolios referred to as the “Legal List” designed specifically for the municipal and broader Ontario public sector. Additionally, in partnership with ONE JIB, ONE Investment offers a full-service Prudent Investment Program with a broader array of investment funds and full investment management services. ONE Investment is a not-for-profit jointly operated by LAS (an affiliate of the Association of Municipalities of Ontario), and CHUMS Financing Corp. (a subsidiary of the Municipal Finance Officers’ Association of Ontario).

1. Governance

Responsibility for the Legal List Program rests with the ONE Investment Board of Directors comprised of representatives of LAS and CHUMS. Responsibility for the Prudent Investment Program rests with ONE Joint Investment Board (ONE JIB) comprised of Municipal and Institutional Investment Experts. The Boards will exercise their responsibilities through staff. In 2022, the ONE Investment Board and ONE JIB both approved a Responsible Investing Discussion paper and Strategy, which consists of concrete recommendations for integrating better responsible investing (ESG) practices into the organization, including the establishment of a staff advisory ESG Working Group to guide the development of policies, practices and procedures. The ESG Working Group has a limited time horizon estimated at two years. Once the formal ESG regime is established, the Working Group’s role in advisory on ESG matters will revert to previously established committees and boards.

3. ESG Working Group

The Working Group is responsible for:

- maintaining an understanding of legal and regulatory requirements and constraints applicable to municipal investments in Ontario;
- Advise in the development of a Responsible Investment Policy for review and approval by ONE Investment and ONE JIB
- Making recommendations to ONE Investment and ONE JIB on how to integrate ESG considerations into the selection, appointment, and review of a professional investment manager (the “Manager”), including the development of any necessary policies or procedures;
- Making recommendations to ONE Investment on engagement with appropriate stakeholders with respect to ongoing responsible investment activities;

- Keeping ONE Investment informed of broader municipal or capital market developments with respect to Environmental, Social and Governance issues that may affect the ONE Legal List and Prudent Investment Programs;
- Providing advice to ONE Investment on what resources or training staff and boards need with respect to ESG and responsible investing.

4. Composition of the ESG Working Group

- Members of the ESG Working Group shall be approved by ONE Investment Board and ONE JIB on the recommendation of staff.
- The Working Group shall be composed of not less than four members and not more than eight voting members.
- At least 50% of the Working Group's members shall represent an Ontario municipality.
- Both Prudent Investment and Legal List Programs shall have at least one municipal and one investment expert representative.
- The Chair of the Working Group will be a member of ONE Investment Staff.

5. Operation of the ESG Working Group

- The Working Group is a time-limited working group designed to assist ONE Investment and ONE JIB's efforts to better formally integrate responsible investment activities in its processes. Once adequate policies and/or procedures with respect to responsible investment are established the working group will be dissolved.
- The Working Group will meet at least four times per year. Meetings are convened by ONE Investment, with a minimum of 7 days notice (unless waived by all).
 - During the initial stages of developing policies and procedures it is expected the Working Group will meet on a more frequent basis.
- An agenda will be distributed one week in advance of the meeting.
- Electronic distribution of meeting materials is permitted.
- Quorum for a meeting is a majority of the Working Group membership present in person, electronically, or by teleconference.
- The Working Group will operate on a consensus basis. If consensus on a recommendation cannot be achieved then it will not be carried forward to the decision-making boards.
- ONE Investment staff will act as Secretary to the Working Group. The Secretary prepares minutes of all meetings, with the minutes being approved at the next Working Group meeting.

6. Remuneration

Working Group members shall receive a per diem for each meeting to acknowledge their contributions of time and expertise. Per diem rate is approved by the ONE Investment Board.

Municipal representatives are not eligible for remuneration.

7. Conflict of Interest

Members receive confidential information from several sources through these meetings.

Members shall not use confidential information for personal or private gain or for the gain of any other person including, without limitation, a Parent, Spouse, Child, grandchild, friend or associate.

No individual providing professional services to ONE Investment is eligible to serve as a member of the ESG Working Group.