

Public Agenda Item #11

**Review and Discussion of the Investment Compliance Annual Report*

March 10, 2021

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ERS Investment Compliance Program Overview



Prevent, detect and address issues of non-compliance.

Help ERS meet its fiduciary, regulatory and contractual obligations.

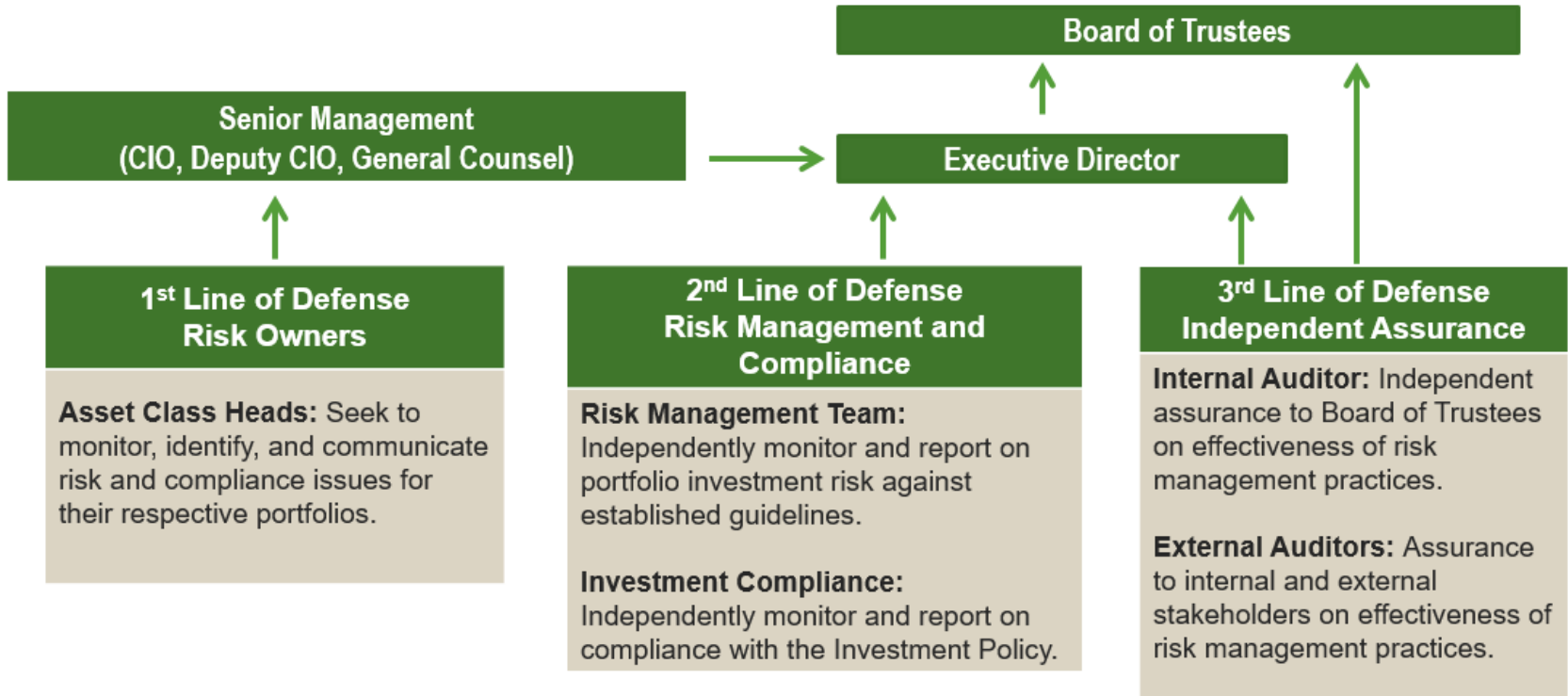
Investment Compliance Program

Independent control function that monitors for compliance with applicable laws, regulations, ERS policies and investment guidelines.

Align policies and procedures with high ethical conduct.

Educate, train and communicate the program to the organization and Board.

Compliance Risk Control Framework



Ethics and Compliance

Ethical
Leadership

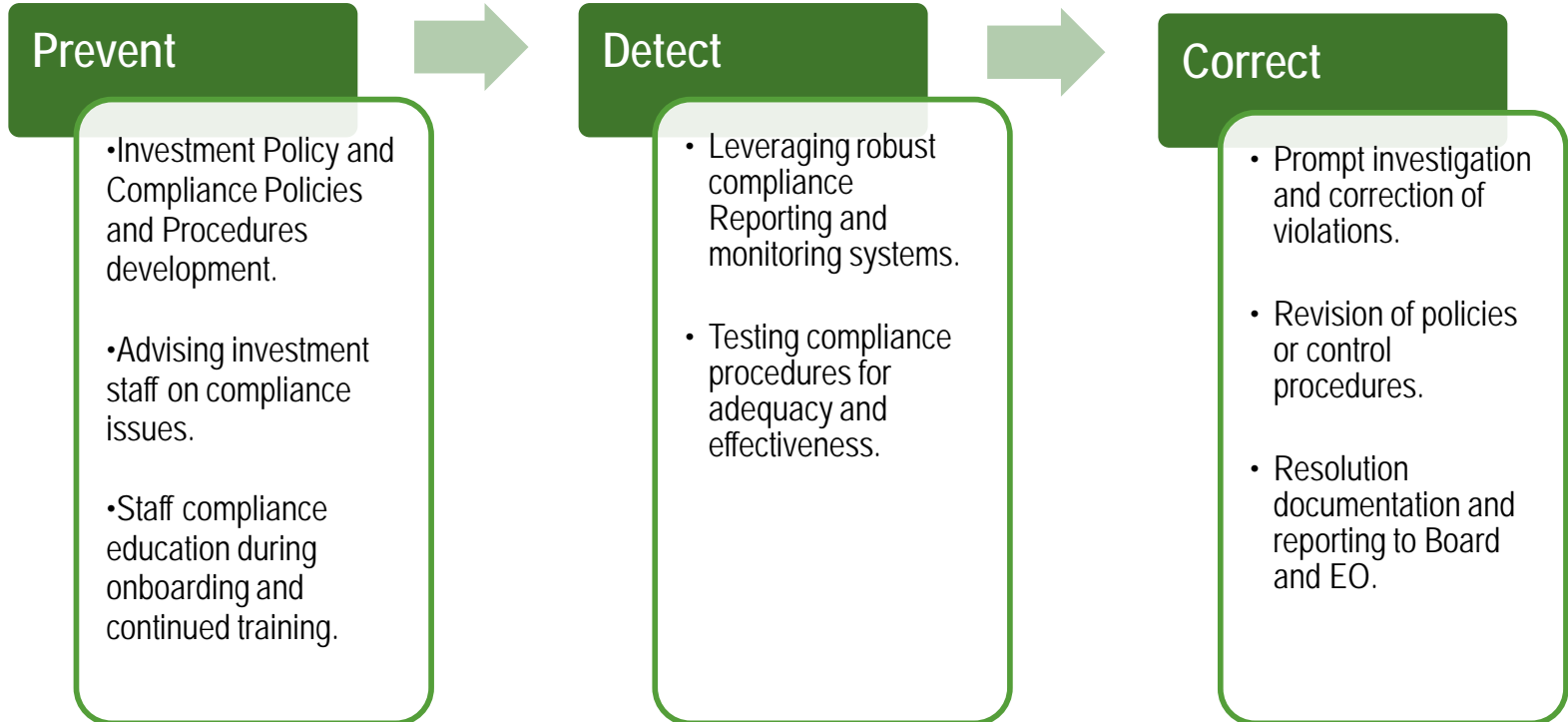
Supervisor
Reinforcement

Peer
Commitment

Moral
Ownership

Transparency

Compliance Program Process



Investment Compliance Reporting



- Annual Investment Compliance Report
- Quarterly Investment Compliance Reporting

Compliance
Function and
Business Risks

Testing
Procedures

Results and
Exceptions

Remediation and
Assigned Risk
Level

Compliance Program Roadmap



Key Accomplishments

Investment Compliance Monitoring

- Enhanced testing for asset class investment compliance.
- Assisted Internal Audit with asset class specific audits.

Code of Ethics Reporting and Oversight

- Updated staff personal trading materials and communicated requirements to staff.
- Revised Annual Compliance Affirmations to effectively capture potential conflicts of interests.

Development of Policies and Procedures

- Revised the Investment Policy Code of Ethics to clarify procedures related to violation monitoring and reporting.
- Formalized Investment Compliance Policies and Procedures.

Compliance Reporting & Board Engagement

- Enhanced the Quarterly Investment Compliance Report for the Board.

Compliance Program Roadmap



Action Plan

Summary Finding: ERS's compliance policies and procedures are reasonably designed to prevent, detect and cure violations of applicable laws, regulations and policies.

Action Plan:

- Expand staff level communication and training for compliance requirements and measure effectiveness.
- Enhance implementation plans of mitigating identified compliance risks.
- Continue to review investment program guidelines to improve consistency and clarity.
- Leverage technology to support effective compliance testing and documentation.

Questions?