Asset Management Plan

Edmonton Community Foundation

Reviewed and approved
by the Board of Directors.
June 16, 2021.

MARTIN GARBER-CONRAD, CEO
On behalf of the Board

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1. OVERVIEW

The Edmonton Community Foundation is a registered charitable public foundation. It exists to help the people of Edmonton and area by encouraging philanthropy and funding charitable activities.

Through contributions from donors, the Foundation assembles and administers permanent pools of capital so the returns can be perpetually reinvested in our community.

Vision

A 21st century vision for the Edmonton Community Foundation:

- *Trusted by donors as the first choice to create endowments;*
- *Recognized by charities as the primary source for grants that meet community needs, enrich people's lives and build an enduring legacy of positive change;*
- *Acknowledged by community leaders as the right place for innovative and prudent investments in Edmonton's future.*

Values

The Edmonton Community Foundation values:

- *Its relationships with the community including donors, grantees, volunteers and staff*
- *Its role as a catalyst for building and strengthening our community;*
- *The integrity, autonomy and independence of others;*
- *Openness, honesty, accessibility, fairness and mutual respect;*
- *Community leadership, visionary thinking and innovation;*
- *Fiscal prudence through efficient and strategic practices.*

Governance of the investments is required to ensure that the funds entrusted to the Foundation earn returns sufficient to support the Foundation’s activities while ensuring that the legacies created by donors are preserved in perpetuity. The strategies the Foundation has adopted in pursuit of governance include the asset management plan ("the Plan") which describes the processes put in place for the management of the Edmonton Community Foundation's investments. It documents policies, guidelines and management practices that are currently in effect. The Plan is strictly concerned with investment related matters; it does not deal with spending policy.

The purpose of the Plan is to ensure that the Foundation's investments are managed effectively, prudently and in compliance with all applicable requirements. It identifies the roles and responsibilities of all parties involved and promotes the co-ordination and integration of their respective contributions.

The Plan is an internal document prepared by the Investment Committee ("the Committee") and approved by the Board of Directors ("the Board") of the Edmonton Community Foundation. Each new Board and Committee member receives an updated version of the Plan. The Plan is available to the public on the Foundation’s website.

2. LEGAL CONTEXT

The management of the investments must satisfy all applicable legal requirements. The Plan provisions should never be construed as suggesting that legal requirements are not to be strictly satisfied.

The management of the investments must comply with the provisions of the following, as amended from time to time and shall be subject to the provisions made in this Plan and other applicable policies as permitted by these statutes:

a. the Edmonton Community Foundation Act;
b. the Edmonton Community Foundation policy by-laws;
c. the Alberta Trustees Act; and
d. the Income Tax Act of Canada.

3. DUTIES AND RESPONSIBILITIES

The Investment Committee

The Investment Committee is responsible to the Board of Directors of the Edmonton Community Foundation. The Committee is responsible for reviewing the Foundation’s investment policies annually and recommending to the Board the appropriate changes for the Board's approval. The Committee will then monitor the policies and review the performance of the fund custodians and investment managers, reporting the results to the Board in a timely and effective manner. The Committee will also review the performance of the Foundation’s mission related investments and summarize the performance annually for the Board.

The Committee recommends retention of the services of one or more investment managers, a custodian, and an asset management consultant. The Committee may also retain the services of one or more other advisors on an ad hoc basis. Any person to whom the Committee delegates responsibilities with respect to the Foundation's investments must adhere to the provisions of the Plan and any other applicable policies.

The Committee will assign terms of reference/contracts/agreements to its agents and advisors, including:

a. a description of services to be provided;
b. the way and time such services are to be delivered;
c. financial arrangements including the amount of fees to be paid; and
d. conditions governing the termination of the relationship.

Investment Managers

The role of the investment managers includes:

a. act prudently and in the best interests of ECF
b. comply with all signed investment agreements;
c. allocating assets amongst asset classes in which they are authorized to invest;

d. selecting investments within such asset classes;
e. initiating transactions to give effect to investment decisions;
f. reporting quarterly to the Committee on their past performance;
g. explaining their expectations concerning the economy and financial markets, along with their strategy under such circumstances;
h. providing advice with respect to the management of the investments when called upon do to so by the Committee;
i. when requested, meet with the Committee;
j. informing the Committee of any change in investment process, personnel and any other significant changes, as soon as practicable; and
k. providing prompt notice to the custodian of each purchase/sale/distribution.

Custodian

The role of the custodian includes:

a. safekeeping the assets;
b. collecting contributions and paying expenses as directed by the Foundation;
c. collecting coupons, maturities, and other cash distributions attached to securities;
d. exercising other privileges tied to securities or disclosing their existence to those having the responsibility to exercise them and acting as directed;
e. processing transactions as directed by the Foundation or the investment managers;
f. making payments regarding transaction-related charges and taking action to recover sums owed to the Foundation such as withholding taxes;
g. informing the investment managers of cash available for investing and non- cash contributions available for trading;
h. processing cash withdrawals requested by the Foundation;
i. providing the investment managers and the asset management consultant with agreed upon information required to execute their mandate;
j. maintaining a record of all transactions;
k. providing periodic reports of transactions and holdings; and
l. providing the audited month-end custodial reports no later than 3 weeks after the calendar month-end.

Asset Management Consultants

The role of asset management consultants includes providing investment information and advice in areas such as:

a. investment policies and guidelines;
b. investment management structure;
c. selection and supervision of the investment managers and other consultants;
d. evaluation of investment returns; and
e. explaining characteristics of other asset classes considered worthwhile for the Foundation and how they might assist in achieving the Foundation's investment objectives.

Auditor

The role of the auditor consists of:

a. reviewing and auditing financial statements; and
b. providing advice with respect to internal financial controls.

4. SELECTION AND SUPERVISION OF AGENTS AND ADVISORS

In the event that a new investment manager must be selected or additional investment manager added to the existing investment managers, the Committee will undertake an investment manager search. When the Committee engages in a selection process for agents or advisors, it maintains a written record of at least the following:

a. request for proposal;
b. candidate criteria;
c. people or organizations called upon to submit a proposal;
d. candidates whose proposals were discarded for lack of conformity to the terms of the request for proposal and the elements of non-conformity; and
e. factors taken into account in the final selection process.

Factors considered in the selection process include the following:

a. organization and business plan;
b. candidate's philosophy/strategy;
c. experience with similar mandates;
d. key personnel and personnel assigned to the portfolio;
e. performance; and
f. fees.

The Committee may engage the services of agents or advisors without issuing a formal request for proposal where the parties have provided current information as potential candidates for a specified mandate. Under such circumstances, the written record referred to above, will address the following:

a. mandate;
b. candidate criteria;
c. people or organizations satisfying such candidate criteria;
d. people or organizations satisfying candidate criteria who indicated an interest in the proposed mandate;
e. factors considered in selecting the finalists; and
f. factors taken into account in the interview of finalists.

The Committee shall recommend a custodian and investment managers to hold, or manage the Foundation's investments or a portion thereof in such manner and in such proportions and portfolio accounts as the Committee may deem proper, and may recommend appointment of monitors to evaluate performance.

The Committee shall monitor the actions of its agents and advisors. The Committee will review their services taking into consideration the following factors, where appropriate:

a. compliance with Committee directions and terms of reference;
b. satisfaction of agreed-upon objectives;
c. competence, ability to communicate, and availability of personnel assigned to the account;
d. quality and timeliness of presentations and written reports;
e. flexibility, innovation and problem solving ability;
f. co-operation with other agents and advisors; and
g. developments at the firm (reputation, personnel turnover, new services).

If an agent or advisor is deemed unsatisfactory, then the Committee may recommend to the Board that:

a. the services of the agent or advisor be terminated, or
b. the agent or advisor be requested to provide to the Committee, within sixty (60) days, an acceptable remedial action plan.

The Board will make the final decision on terminating the services of the agent or advisor. Where a remedial action plan is implemented, the Committee will provide a follow-up report to the Board.

5. ESTABLISHING INVESTMENT POLICIES AND GUIDELINES

The Board maintains written investment policies and guidelines that provide direction to the Committee and/or its agents and advisors in two companion documents to this Plan entitled Capital Market Investment Policies and Guidelines and Mission Related Investment Fund Investment Policy (the “Policies”).

The Policies are periodically reviewed and revised, when necessary. The Committee and its agents must conform with their provisions. A copy of the Policies and changes thereto is provided to the investment managers, the custodian, the asset management consultant, and other concerned agents and advisors.

The Policies takes into account:

a. the investment horizon;
b. investment objectives and liquidity needs;
c. risk controls;
d. the special relationship of value of an investment to the Foundation’s charitable purposes;
e. target asset allocation; and
f. performance evaluations.

6. CONSOLIDATED PORTFOLIO

General Policy Statement

The Consolidated Portfolio is the aggregation of the Capital Market Portfolio and the Mission Related Investment Portfolio. The purpose of the Consolidated Portfolio is to maximize stakeholder value. Our stakeholders are donors, grant recipients and the community in general. This aligns with the Foundation's vision and mission.

The goal of the Consolidated Portfolio is to meet the funding needs of the Foundation, both for operations and granting, while providing enough growth to protect the real value of future grants. This goal can be achieved in perpetuity by using a mix of Capital Market and Mission Related Investments.

Return/Risk Objectives of the Consolidated Portfolio

To attain the Foundation's goal for the Consolidated Portfolio, the Foundation must earn sufficient investment returns to allow disbursements according to the spending policy, to pay the Foundation's operating expenses, and to maintain the purchasing power of the assets. The expected return for the Consolidated Portfolio is CPI+4% net of costs.

The Foundation's spending policy is currently 4.0% of the prior year's market value of all of the Foundation's funds; however, from time to time, the Capital Policy Committee and the Board of the Foundation may modify the percentage or otherwise deviate from the spending policy. The Foundation's total operating costs, including investment management expenses, are expected to be in the range of 1% to 1.5% of the Foundation's assets.

Asset Allocation

The Board of the Foundation will set the allocation between the Capital Market Portfolio and the Mission Related Investment Portfolio. The Board will consider the advice of the Committee to ensure the expected return and risk of the Consolidated Portfolio is managed responsibly.

The **Capital Market Portfolio** will consist of investments that are return and risk focused. The Committee will steward this portfolio following the Asset Management Plan and Capital Market Investment Policies and Guidelines.

The **Mission Related Investment Portfolio** will consist of investments where the objective is to achieve both financial and nonfinancial returns. The nonfinancial returns can be in the form of positive social or environmental impact that aligns with the mission of the Foundation. The Board will steward these investments following the Asset Management Plan and Mission Related Investment Fund Investment Policy.

The current target allocation between these two portfolios is **90% Capital Market Portfolio** and **10% Mission Related Investment Portfolio**. While this is the target, there is an understanding that it takes time to get the Mission Related Investments placed. While waiting to fund investments in the Mission Related Investment Portfolio, the funds will stay in the Capital Market Portfolio.

Long Term Strategic Asset Allocation

In order to achieve the objectives of the Foundation, the Committee, with the approval of the Board, has determined that the Capital Market Investments should be invested in equities, fixed income, and alternative investments in accordance with the following target weights (determined as a percentage of the market value of the endowment portfolios) and within the following permitted asset class ranges:

Asset class	Long term asset allocation	Permitted range
Domestic Fixed Income		5% – 15%
Universe Bonds	5%	2 – 8%
Mortgages	5%	2 – 8%
Impact fixed Income	5%	0-10%
Growth Fixed Income		0% – 10%
High Yield Bonds	2.5%	0 – 5%
Emerging Market Debt	2.5%	0 – 5%
Public Market Equities		50% – 60%
Canadian Large Cap Equities	10%	5 – 15%
Global Large Cap Equities	15%	10 – 20%
Global Low Volatility Equities	10%	5 – 15%
Global Small Cap Equities	10%	5 – 15%
Emerging Markets Equities	10%	5 – 15%
Alternative Investments		20% – 40%
Private Equities	10%	5 – 15%
Hedge Funds	0%	0 – 10%
Global Infrastructure	5%	0 – 10%
Canadian Real Estate	10%	5 – 15%
Total	**100%**	

The preceding asset allocation contains target percentages of the Fund, at market value, invested in various asset classes. The “long term asset allocation” is only a target and the actual allocation will be dictated by current and future market conditions, the independent actions of the Committee, Board and/or Investment Managers, and required cash flows to and from the endowment portfolios. The “permitted range” anticipates this fluctuation and provides flexibility for the endowment portfolios to vary around the target without the requirement for immediate rebalancing.

Monitoring

An overall analysis of the Consolidated Portfolio's performance will be prepared at least annually, including:

- the rate of return earned by the Consolidated Portfolio; and
- asset allocation compared to the target allocation.

7. CONFLICT OF INTEREST AND RELATED PARTY TRANSACTION POLICIES

Conflict of Interest Policy

The Edmonton Community Foundation's conflict of interest policy shall apply. A conflict of interest, whether actual or perceived, includes any event that the Foundation's Board of Directors, Investment Committee members, employees and volunteers of the Foundation, may benefit materially from the knowledge or participation in, or by virtue of, an investment decision.

Should a conflict of interest arise, the person in the actual or perceived conflict of interest shall immediately disclose the conflict in writing, with all the relevant details, to the Chief Executive Officer or the Chair of the Investment Committee who, in turn, discloses it to all Committee members at the appropriate time. Any such party will thereafter abstain from decision making with respect to the area of conflict.

Any person having supervisory authority or a monitoring role over the investments is a fiduciary. This generally includes, but is not limited to, the Board of Directors, a member of the Investment Committee or any employee, agent or advisor with investment responsibilities. It is not a conflict of interest for a fiduciary simply to hold one or more common investments with the Foundation.

The Edmonton Community Foundation expects that each of their professional agents and advisors shall have an internal conflict of interest policy that their employees must abide by.

Related Party Transactions

The Investment Committee, on behalf of the Foundation, may not enter into a transaction with a related party unless:

a. the transaction is required for the operation or administration of the Foundation and the terms and conditions of the transaction are not less favourable to the Foundation than market terms and conditions;
b. the securities of the related party are acquired at a public exchange; or
c. the combined value of all transactions with the same related party is nominal or the transaction(s) is immaterial to the Foundation.

A related party to the Edmonton Community Foundation includes any officer, director or employee of the Edmonton Community Foundation, or any person who is a member of the Investment Committee. It also includes the investment manager and any employee, spouse, child or entity that is directly or indirectly controlled by the previously named parties.

Under the conflict of interest guidelines, it is incumbent to notify the Chief Executive Officer if a conflict arises. Such conflict includes related party transactions.

No part of the investment assets shall be loaned to any Director, Committee member, employee of the Foundation or to any person directly related thereto.

8. RESPONSIBLE INVESTING POLICY

Scope

This policy applies to both the Capital Market Portfolio and the Mission Related Investment Portfolio.

Introduction and Background

The Edmonton Community Foundation (the Foundation) believes that environmental, social, and governance (ESG) issues can impact both the Foundation's reputation and the performance of its investment portfolio. Thus, ESG issues are potential risk factors for the Foundation and its portfolio if untoward events lead to public approbation or compromise corporate earnings. On the positive side, corporate leadership on ESG issues can suggest congruence with the Foundation's mission and positively affect company value. As all investment decisions relate to balancing potential returns with risk, the Foundation believes that ESG issues must be considered in investment decision making.

Responsible Investing Defined and Examples of ESG Issues

In line with PRI – Principles for Responsible Investment (see www.unpri.org) and industry best practices, the Foundation defines Responsible Investing as an approach that incorporates environmental, social and governance (ESG) considerations into investment decisions, to better manage risk and generate sustainable, long-term returns. The Foundation recognizes that there is a broad set of ESG issues that can be potentially material and important. Examples of ESG issues include:

Environmental (E) Issues:
Issues related to the quality and functioning of the environment and natural systems, such as

- Energy
- Water
- Climate Change
- Waste and Pollution

Social (S) Issues:
Issues relating to the rights, well-being and interests of people and communities.

- Protection of human rights
- Forced labour and child labour
- Uphold freedom of association and the right to collective bargaining
- Diversity, equity and inclusion
- Occupational health and safety
- Stakeholder engagement and/or community involvement
- Bribery and corruption

<u>Governance (G) Issues:</u>
Issues relating to the governance of companies and other investee entities.

- Board independence
- Board structure composition
- Board diversity
- No slates of directors
- Reasonable limits on the number of boards on which any director may serve
- Transparency and dialogue between management/board and shareholders/owners
- Business ethics
- Accounting and audit quality
- Risk Management

Given the Foundation's portfolio is predominantly of investments in pooled funds managed by third-party investment managers, the Foundation relies on its investment managers to consider ESG issues when implementing their investment mandate and will engage managers on their ESG practices.

Policy

The Foundation will evaluate the third-party managers' processes for considering ESG issues in their investment processes. This is done in the following ways:

1. During due diligence of a prospective third-party manager, the Foundation explicitly asks for details on how ESG issues are considered during the firm's investment process. This includes asking for policies on how corporate proxies are voted. Potential managers having ESG processes that are, in the Foundation's judgement, deficient could be eliminated from contention.

2. At least every two years, existing managers will be asked to respond to an ESG questionnaire from the Foundation. This questionnaire will have managers explain their own ESG policies and how they influence the firm's investment decisions. It will also require the firms to detail how they identify and manage ESG factors and how such policies influence proxy voting. Firms will also be asked to identify how they engage with investee companies on ESG issues. Firms will also be asked to identify any commitments to any international standards, industry guidelines, or other initiatives that promote responsible investment practices. The Foundation's Investment Committee will review and evaluate the responses to the questionnaire.

3. The Foundation supports active engagement on ESG issues over exclusions (i.e., prohibited investments or practices). Thus, the Foundation will communicate its concerns on ESG matters, if any, to the responsible third-party managers and encourage a dialogue between that manager and the concerning company's corporate management. As part of its ESG questionnaire the Foundation will assess how managers monitor and mitigate poor practices of investee companies such as violations of international norms.

Administration of Policy

4. All new and existing Foundation Managers will be informed of this Responsible Investing Policy and will be asked to adhere to it and ensure that they have the most recent copy.

5. All Managers will be asked to sign off that they will comply with the Responsible Investing Policy.

Compliance with Policy

6. The Foundation will have a focused discussion with any managers whose questionnaire responses are found to be concerning. Should the Foundation remain dissatisfied with a manager's ESG efforts after such discussion, then the manager will be placed "on watch" by the Investment Committee. Standard procedure is for managers on the watch list to be formally reviewed after one year. At that point, the watch may be ended or extended, or the manager may be terminated. Notwithstanding the "watch" process, the Foundation always reserves the right to terminate a manager immediately.

9. OTHER POLICIES

Voting Rights

The Committee has delegated voting rights for the Foundation's investments to the custodian, to be exercised in accordance with the investment managers' instructions. Consistent with the Foundation's Responsible Investing Policy, the investment managers are expected to vote all proxies in the best interests of the Foundation. The Committee, however, may take back voting rights for specific situations.

The investment managers should disclose their proxy voting policies and report annually whether:

a. all eligible proxies were voted on the Foundation's behalf, and
b. the proxy voting policies were followed, disclosing any deviations therefrom.

All Investment Managers will be asked to complete the Foundation's ESG questionnaire every 2nd year.

Valuation of Securities Not Regularly Traded

Investments shall be valued at their fair market value when that is available from regular public trading. Investments in pooled funds comprising publicly traded securities shall be valued according to the unit values published by the pooled fund manager(s). Unit values shall be published at least monthly. Listed securities shall be valued at the last sale price on the valuation date, or if no sales took place on the valuation date, the last known trade price. Unlisted securities shall be valued at the mean between bid and asked quotations, if any, on the valuation date. Securities for which no quotations are available and all other investments shall be valued at their fair market value as determined by the Custodian or other authorized service provider, in consultation with the Committee.

Borrowing

No funds shall be loaned to any person, partnership or organization unless it is undertaken in the context of an approved investment mandate and qualifies as a permitted investment as outlined in the Capital Market Investment Policies and Guidelines or Mission Related Investment Fund Investment Policy, or is pursuant to a program of securities lending approved by the Committee. The Managers may not pledge, hypothecate, or otherwise encumber in any way, the assets of the Capital Market Portfolio or the Mission Related Investment Portfolio, except to the extent that temporary overdrafts occur in the normal course of business. The Managers shall not borrow on behalf of the Capital Market Portfolio or the Mission Related Investment Portfolio.

Directed Brokerage Commissions

The Foundation does not use directed commissions (i.e. soft dollars) to pay for any goods or services. The investment manager may use soft dollars to pay for research and other investment-related services with disclosure to the Committee, provided they comply with the Soft Dollar Standards promulgated by the CFA Institute.

Standards of Professional Conduct

Each investment manager is expected to comply, at all times and in all respects, with the Code of Ethics and Standards of Professional Conduct as promulgated by the CFA Institute. Each investment manager shall attest to compliance with the CFA Institute Code of Ethics and Standards of Professional Conduct in the compliance report.

Each investment manager will manage the assets with the care, diligence and skill that a prudent person skilled as a professional investment manager would use in dealing with institutional assets. Each investment manager will also use all relevant knowledge and skill that he/she possesses or ought to possess as a prudent investment manager.

Capital Market Investment Policies and Guidelines

Edmonton Community Foundation

Reviewed and approved
by the Board of Directors.
June 16, 2021.

MARTIN GARBER-CONRAD, CEO
On behalf of the Board

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1. OVERVIEW

The Foundation’s Consolidated Portfolio has two primary components. The first, making up the majority of assets, is an investment portfolio constructed from traditional capital market investments (“Capital Market Investments”). The second component is comprised of investments made under the Foundation’s commitment to an allocation of up to 10% of unrestricted assets in the Consolidated Portfolio in investments that are aligned with the Foundations charitable mission (“Mission Related Investments”).

The Capital Market Investment Policies and Guidelines (the "Policy") applies to the investments held by the Foundation exclusive of those funds designated as Mission Related Investments. The Policy contains investment objectives, investment guidelines, and monitoring procedures. This Policy does not pertain to investments contributed to the Foundation by donors or contributions by donors with specific investment instructions until those investments or contributions are allocated to an investment manager subject to this Policy.

The Capital Market Investment Policies and Guidelines will be reviewed annually by the Investment Committee so that they may be assured that the managers to whom the Foundation’s monies are entrusted are performing their function within the framework of these policies and guidelines and that the policies and guidelines remain appropriate.

The investments will be managed in accordance with all applicable legal requirements notwithstanding any indication to the contrary which might be construed from the Policy.

Definitions provided in the Asset Management Plan, the companion document to this Policy, of the Edmonton Community Foundation (the "Foundation") apply to the Policy.

2. INVESTMENT OBJECTIVES

General Objectives

The Foundation's goal is to provide for grant making in perpetuity. In order to attain this goal, the Foundation must earn sufficient investment returns to allow disbursements according to the spending policy, to pay the Foundation's administration expenses, and to grow the asset base so as to maintain the purchasing power of the investment portfolio. The Foundation's spending policy is currently 4.0% of the prior year's market value of all of the Foundation's funds; however, from time to time, the Capital Policy Committee and the Board of the Foundation may deviate from the spending policy. The Foundation's total operating costs including investment management expenses are expected to be in the range of 1% to 1.5% of the Foundation's assets.

Investment returns are maximized given the level of the risk deemed appropriate by the Committee. At the same time, investment returns shall provide for income and/or capital gains that are reasonable and fairly predictable given the Foundation's spending policy and administrative funding needs.

Investment decisions shall be made without distinction between principal and income; the decisions to realize investment gains or losses are strictly based on the investment factors involved.

From time to time the Committee may recognize that its target asset allocation will not be achievable. At such times the Committee may choose to implement an interim asset allocation and/or interim benchmark portfolio that the Committee believes to be consistent with the target asset allocation and the benchmark portfolio.

3. INVESTMENT BELIEFS

The Committee, with the approval of the Board, has established a long term strategic asset allocation policy and a portfolio structure that reflects the following general investment beliefs:

- That the asset allocation decision will be the single most important factor determining long term investment performance;
- That equity investments should provide greater long term returns than fixed income investments, although with greater volatility;
- That it is prudent to diversify across major asset classes, including certain alternative asset classes;
- That a meaningful allocation to foreign equities versus domestic equities will increase portfolio diversification and thereby decrease portfolio risk;
- That an allocation to illiquid asset classes provides opportunities for return enhancement and diversification;
- That ESG risk factors must be considered in investment decision making;
- That management fees are an important component of investment performance and should form a substantial part of the evaluation of any manager;
- That, apart from prudently managing liquidity requirements, the Fund should be substantially fully invested because long term cash holdings will reduce long term rates of return;
- That active investment mandates are generally expected to add value through strategies such as security selection, and that investments should be allocated to such active mandates;
- That active management value-added is more likely to be obtained through the use of a number of specialty investment managers than through the use of a single investment manager that manages multiple asset classes; and
- That it may be appropriate to retain more than one investment manager to manage the assets within a particular asset class, provided that such managers offer asset class or style diversification.

4. ASSET ALLOCATION POLICY

Long Term Strategic Asset Allocation

In order to achieve the objectives of the Foundation, the Committee, with the approval of the Board, has determined that the Capital Market Investments should be invested in equities, fixed income, and alternative investments in accordance with the following target weights (determined as a percentage of the market value of the endowment portfolios) and within the following permitted asset class ranges:

Asset class	Long term asset allocation	Permitted range
Domestic Fixed Income		5% – 15%
Universe Bonds	5%	2 – 8%
Mortgages	5%	2 – 8%
Impact fixed Income	5%	0-10%
Growth Fixed Income		0% – 10%
High Yield Bonds	2.5%	0 – 5%
Emerging Market Debt	2.5%	0 – 5%
Public Market Equities		50% – 60%
Canadian Large Cap Equities	10%	5 – 15%
Global Large Cap Equities	15%	10 – 20%
Global Low Volatility Equities	10%	5 – 15%
Global Small Cap Equities	10%	5 – 15%
Emerging Markets Equities	10%	5 – 15%
Alternative Investments		20% – 40%
Private Equities	10%	5 – 15%
Hedge Funds	0%	0 – 10%
Global Infrastructure	5%	0 – 10%
Canadian Real Estate	10%	5 – 15%
Total	**100%**	

The preceding asset allocation contains target percentages of the Fund, at market value, invested in various asset classes. The “long term asset allocation” is only a target and the actual allocation will be dictated by current and future market conditions, the independent actions of the Committee, Board and/or Investment Managers, and required cash flows to and from the endowment portfolios. The “permitted range” anticipates this fluctuation and provides flexibility for the endowment portfolios to vary around the target without the requirement for immediate rebalancing.

Certain asset classes (e.g., Private Equities, Global Infrastructure and Canadian Real Estate) can be illiquid and impractical to rebalance to specific targets or asset class range limits. Recognizing this, Global Large Cap Equities has been determined to be a suitable asset class with which to act as a buffer with respect to any overweighting or underweighting of Private Equities relative to its target allocation, Universe Bonds has been determined to be a suitable asset class with which to act as a buffer with respect to any overweighting or underweighting of Global Infrastructure relative to its target allocation, and Mortgages has been determined to be a suitable asset class with which to act as a buffer with respect to any overweighting or underweighting of Canadian Real Estate relative to its target allocation. Consequently, the following additional targets and permitted ranges shall be applied:

Asset class combination	Long term asset allocation	Permitted range
Public Equities and Private Equities	65%	60 – 70%
Global Infrastructure, Universe Bonds and Growth Fixed Income	15%	10 – 20%
Canadian Real Estate and Mortgages	15%	10 – 20%

Primary Purposes of Various Asset Classes

The primary purposes for the broad asset categories represented in the long term target asset allocation policy are as follows:

Asset category	Purpose
Public market equities	Provide current income, growth of income, and capital appreciation
Private equities	Provide capital appreciation
High quality fixed income	Provide a predictable and dependable source of income, liquidity, and reduce portfolio volatility
Higher yielding fixed income	Provide current income
Real assets	Provide current income, capital appreciation, diversification to other assets, and total returns which are positively correlated to inflation
Hedge funds	Provide diversification benefits by earning long term total returns in excess of high quality fixed income returns through up and down markets

Rebalancing

Divergent market performance among different asset classes may, from time to time, cause the actual asset allocation to deviate from the target asset allocation. Periodically, Management of the Foundation, as so delegated by the Committee, may consider and take appropriate action to address any movement of the allocation to an individual asset class off the long term asset allocation, but within the permitted range. Examples of such actions include (but are not limited to) liquidation of securities, allocation of disbursements/contributions, and transfers from an over weighted asset class to an underweighted asset class, etc.

Management of the Foundation will monitor the actual asset allocation at least as frequently as the end of each month. From time to time (e.g., as a result of major market fluctuations), the actual allocation to a particular asset class may move outside of its permitted range. If the asset allocation moves outside of the permitted range, Management of the Foundation will be responsible for initiating action to rebalance the endowment portfolios back within the permitted ranges within 30 days following the date on which the breach is first identified, in a manner which controls transaction costs. Management of the Foundation will report all rebalancing activity to the Committee on a quarterly basis.

If it is not possible or not prudent to rebalance within 30 days, Management of the Foundation shall promptly notify the Committee and explain why rebalancing is not possible or prudent and seek further guidance from the Committee.

Asset Class Transition Provisions

An asset class will be considered to be "in transition" if the allocation to that asset class has not yet achieved a total portfolio weighting equal to the target weight of the long term allocation less 2%. While an asset class is in transition, the lower end of the applicable individual asset class permitted range shall be set to zero. Further, while an asset class in transition is underweight its target allocation, another asset class must be overweight its target allocation. The following table indicates the asset class which are deemed to be "funding sources" for various new asset classes that may find themselves in transition.

Asset class in transition	"Funding source" asset class
Private Equities	Global Large Cap Equities
Canadian Real Estate	Mortgages

While an asset class is in transition, the maximum limit of the permitted range for its designated "funding source" asset class (as indicated above) shall be increased by the amount of the weight of the long term asset allocation for the asset class in transition.

Quarterly Reporting

Within each quarterly performance monitoring report, the actual allocation of the total endowment portfolios as of the end of the quarter shall be identified along with the permitted ranges currently in effect as of the end of the quarter.

Periodic Review

The Committee shall review the asset allocation policy on a periodic basis (at least every five years) and will ascertain that the endowment portfolios not only conform to the desired target and ranges, but also that the target and ranges remain suitable and represent the appropriate asset allocation policy for the endowment portfolios going forward. At the discretion of the Committee, such reviews may be conducted with the assistance of one or more asset management consultants.

5. PERMITTED INVESTMENTS AND RISK CONSTRAINTS

Permitted Investments

The Foundation is authorized to invest any money of the Foundation in such investments as would be appropriate for a prudent investor. The Foundation may invest in the following asset categories:

a. cash;
a. demand or term deposits;
b. short-term notes;
c. treasury bills;
d. bankers' acceptances;
e. commercial paper;
f. investment certificates issued by banks, insurance companies or trust companies;
g. bonds and non-convertible debentures;
h. mortgages and other asset-backed securities;
i. convertible debentures;
j. common and preferred stocks;
k. real estate;
l. infrastructure;
m. pooled funds, closed-end investments and other structured vehicles invested in any or all of the above asset categories;
n. hedge funds.

Derivatives

The Foundation’s investment managers are permitted to use derivatives and synthetic securities for the purpose of managing risk, liquidity, and transaction costs in a manner consistent with the Foundation’s overall investment policies, risk tolerance, and applicable legislation.

Borrowing

Borrowing by the Foundation is only permitted as part of a well-established investment management mandate, where the Investment Committee understands that such borrowing or similar activity is commonly done in the normal course of business. Such borrowing must be in compliance with the restriction set forth in paragraph 149.1(3)(d) of the Income Tax Act which prohibits a public foundation from incurring debts other than debts for current operating expenses, debts incurred in connection with the purchase and sale of investments and debts incurred in the course of administering charitable activities. Examples of areas where this may occur are in real estate and hedge funds. Also, unanticipated temporary overdrafts when cash is not sufficient to settle a purchase may occur.

Lending

An investment manager or the custodian may not lend securities held by the Foundation except in accordance with a program of securities lending approved by the Committee.

Investments Requiring Prior Board Approval

Each new investment in the following categories will require the approval of the Board:

a. commitments to fund investments in private placement equities and infrastructure;
b. investments in real estate through open or closed-end pooled funds;
c. investments in units of investment trusts (e.g., REITS or resource trust units); and
d. investments in hedge funds.

Diversification within Asset Classes

Diversification between asset classes is provided through the asset allocation guidelines set forth in this Policy. Diversification is also achieved by limiting the amount invested in a group of equities that are expected to have highly correlated return characteristics. No more than 5% of the market value of the Capital Market Investments or 10% of the market value of the investment manager's holdings will be invested in the securities of a single issuer, excluding federal or provincial government issued bonds. No more than 10% of the market value of unrestricted assets in the Consolidated Portfolio will be invested in Mission Related Investments.

Liquidity Risk

Liquidity is achieved by limiting the amount invested in closed-ended funds.

Written permission from the Committee is required in advance of the purchase of:

a. private placements not expected to become publicly traded within six months of purchase; or
b. securities that do not trade on a recognized exchange.

Quality

Short-term investments will have a minimum credit rating of R-1 or its equivalent when purchased.

Fixed income portfolios are expected to have credit quality substantially like that of the index to which they are benchmarked. For example, any mandate that is benchmarked to the FTSE Canada Universe Overall Index is expected to be made up of investment grade securities in proportions roughly similar to that of the index.

The investment manager will be entirely responsible for establishing the credit-worthiness of issuers. A cumulative level of defaults that is, in the judgement of the Committee, excessive will result in a formal review of that manager that may lead to the manager’s dismissal.

Currency Risk

Currency risk is controlled by limiting the investments in foreign assets as specified in the asset allocation guidelines set forth in the Policy.

The Committee recognizes that the exposure to foreign currencies inherent in foreign asset holdings often mitigates overall portfolio risk. Consequently, foreign asset managers are not required to hedge their foreign currency exposure.

6. PERFORMANCE STANDARDS

The investment performance of the endowment portfolios shall be measured, at both the total portfolio level and the asset class level, against suitable benchmarks. The primary period over which performance shall be assessed will be rolling 4-year periods.

Asset Class Performance Benchmarks

On an asset class or investment strategy level, investment performance will be compared against the following primary performance benchmarks:

Asset Class / Strategy	Primary Performance Benchmark
Domestic Fixed Income	
Universe Bonds	FTSE Canada Overall Universe Bond Total Return Index
Mortgages	FTSE Canada Overall Short Term Bond Total Return Index
Impact Fixed Income	CPI+1%
Growth Fixed Income	
High Yield Bonds	Bloomberg Barclays U.S. High Yield Very Liquid Bond Index
Emerging Market Debt	JPMorgan GBI-EM Global Total Return Index in CAD
Public Market Equities	
Canadian Large Cap Equities	S&P/TSX Composite Index
Global Large Cap Equities	MSCI World (Net) Total Return in CAD
Global Low Volatility Equities	MSCI World Min. Volatility Net
Global Small Cap Equities	MSCI World Small Cap Net Index
Emerging Markets Equities	MSCI EM (Net) Total Return Index in CAD
Alternative Investments	
Private Equities	MSCI World (Net) Total Return in CAD
Hedge Funds	FTSE Canada 91-Day T-Bill Total Return Index + 4.0%
Global Infrastructure	Canadian CPI + 4.5%
Canadian Real Estate	MSCI/REALPAC Canada Property Index

For the purpose of measuring rates of return, all returns except for private equities, hedge funds and global infrastructure shall be measured before investment management fees, but after transaction costs. Returns for private equities, hedge funds and global infrastructure shall be measured net of both investment management fees and transaction costs. All index returns shall be total returns. All foreign index returns shall be Canadian dollar returns.

In addition to the benchmarks noted above, for additional performance insight, the Committee may choose to use secondary benchmarks such as strategy-specific benchmarks or peer comparisons.

Total Portfolio Performance Benchmark

On a total portfolio level, investment performance will be compared against the performance of the Total Portfolio Benchmark. The purpose of the Total Portfolio Benchmark is to assess the effectiveness of the implementation of the asset allocation policy focusing on the aspects of implementation within the control of the Committee and investment managers.

The performance of the Total Portfolio Benchmark over any particular period will be calculated based on time-weighted Total Portfolio Benchmark sub-period returns. Sub-period returns of the Total Portfolio Benchmark will be based on the weighted average of the asset class benchmark returns.

If the asset allocation included no illiquid assets, and no assets in transition, then the asset class weights to be used in the calculation of the Total Portfolio Benchmark return would simply be equal to the target weights of the long term asset allocation.

However, particularly with respect to illiquid asset classes (e.g., private equities, global infrastructure and real estate), it is recognized that the Committee and/or investment managers cannot invest to immediately achieve a target weight, and once the target weight ultimately is achieved, they will likely have difficulty rebalancing back to the target weight if any drift occurs. Consequently, to achieve the objective of the Total Portfolio Benchmark, the asset class weights to be used in the calculation of the Total Portfolio Benchmark will be determined as follows:

Beginning December 31, 2020, the asset class weights to be used in the calculation of the Total Portfolio Benchmark will be:

Asset Class / Strategy	Asset Class Weight in the Total Portfolio Benchmark
Domestic Fixed Income	
Universe Bonds	5.0%
Mortgages	7.5%
Growth Fixed Income	
High Yield Bonds	2.5%
Emerging Market Debt	2.5%
Public Market Equities	
Canadian Large Cap Equities	11%
Global Large Cap Equities	19.5%
Global Low Volatility Equities	10%
Global Small Cap Equities	10%
Emerging Markets Equities	11%
Alternative Investments	
Private Equities	8.5%
Hedge Funds	0%
Global Infrastructure	5%
Canadian Real Estate	7.5%

Subsequent to October 1, 2017, the following process will be used to update the asset class weights to be used in the calculation of the Total Portfolio Benchmark:

1. The actual asset class weights will be monitored each quarter end by the Management of the Foundation. When the asset allocation in respect of an asset class in transition or in respect of an illiquid asset class (namely, private equities, global infrastructure, or real estate) deviates by 0.5% or more from the then current corresponding asset class weight used in the calculation of the Total Portfolio Benchmark, the asset class weights used in the calculation of the Total Portfolio Benchmark shall be revised.

2. When a revision to the asset class weights used in the calculation of the Total Portfolio Benchmark is triggered, the change to the Total Portfolio Benchmark will be made effective the first of the month following the quarter end on which the change was triggered.

3. The revised asset class weights used in the calculation of the Total Portfolio Benchmark shall be determined as follows:

Asset class	Asset Class Weight in the Total Portfolio Benchmark
Private Equities	Actual weighting
Global Infrastructure	Actual weighting
Canadian Real Estate	Actual weighting
Global Large Cap Equities	Target weight of Global Large Cap Equities in the long term asset allocation policy, plus (minus) the amount by which the actual weighting for Private Equities is less (greater) than the target weight of Private Equities in the long term asset allocation policy
Universe Bonds	Target weight of Universe Bonds in the long term asset allocation policy, plus (minus) the amount by which the actual weighting for Global Infrastructure is less (greater) than the target weight of Global Infrastructure in the long term asset allocation policy
Mortgages	Target weight of Mortgages in the long term asset allocation policy, plus (minus) the amount by which the actual weighting for Canadian Real Estate is less (greater) than the target weight of Canadian Real Estate in the long term asset allocation policy
All other asset classes	Target weight in the long term asset allocation

4. If any asset classes are in transition, the above asset class weights to be used to calculate the Total Portfolio Benchmark, as indicated above, shall be modified as follows:
   - If High Yield Bonds are in transition, the asset class weight for High Yield Bonds shall instead be set to the actual weight; and the asset class weight for Universe Bonds shall be increased by the difference between the target weight to High Yield Bonds and the actual weight.
   - If Emerging Market Debt is in transition, the asset class weight for Emerging Market Debt shall instead be set to the actual weight; and the asset class weight for Universe Bonds shall be increased by the difference between the target weight to Emerging Market Debt and the actual weight.
   - If Global Small Cap Equities are in transition, the asset class weight for Global Small Cap Equities shall instead be set to the actual weight; and the asset class weight for Canadian Equities shall be increased by 40% of the difference between the target weight to Global Small Cap Equities and the actual weight; and the asset class weight for Global Large Cap Equities shall be increased by 60% of the difference between the target weight to Global Small Cap Equities and the actual weight.

5. All of the weights above shall be rounded to the nearest 1.0% (or, if necessary, some weights may be rounded to the nearest 0.5% in order to make the total sum to 100.0%).

Reporting of the Total Fund Benchmark

Within each quarterly performance monitoring report, it shall be indicated if the Total Portfolio Benchmark is to be revised, the underlying reason for any revision (e.g., capital calls, distributions, market movements, etc.) and identification of the revised Total Portfolio Benchmark. Management of the Foundation shall maintain a history of changes to the asset class weights used in the calculation of the Total Portfolio Benchmark, and this shall be made available to the Committee as required.

7. MONITORING THE INVESTMENTS

Committee Responsibilities

The Committee monitors the investments. It is concerned with asset returns and investment-related expenses. Each quarter, each investment manager's rate of return earned on each asset class is compared to those of other comparable investment managers in Canada and an index-based benchmark specified in the Policy. Annually, the Committee reviews a detailed investment-related expense report indicating amounts, recipients and services provided.

The Investment Committee, to fulfill its responsibility of monitoring and reviewing the investment managers, shall review the following on an ongoing basis:

a. the investment manager's financial stability, staff turnover, consistency of style and record of service;
b. the investment manager's current economic outlook and investment strategies;
c. the investment manager's compliance with the Policy; and
d. the investment performance of the assets of the Foundation in relation to the rate of return expectations outlined in the Policy.

Reporting by the Investment Managers

On a quarterly basis, each investment manager will provide a performance report to the Committee and strategy review for the asset class or classes under his/her management. When the Committee deems it necessary, an investment manager will be required to make a formal presentation to the Committee providing an assessment of the rates of return obtained and respond to any concerns that the Committee has. Rates of return are broken down by investment manager and by asset class. They are compared to pertinent market indices and other agreed-upon benchmarks established by the Committee and set out in the Policy.

Each investment manager is required to complete and sign a compliance report annually. The compliance report should indicate whether or not the manager's portfolio was in compliance with their investment mandate during the reporting period. Copies of the compliance reports will be made available to the Investment Committee.

In the event that an investment manager is not in compliance with their investment agreement, the investment manager is required to advise the Foundation's management immediately, detail the nature of the non-compliance and recommend an appropriate course of action to remedy the situation. Management will inform the Committee immediately once the non-compliance has been confirmed.

If an investment manager believes the asset allocation guidelines are inappropriate for anticipated economic conditions, the investment manager is responsible for advising the Committee that a change in guidelines is desirable and the reasons therefore.

The Foundation may invest in pooled funds, which have separate investment policies. Should a conflict arise between the provisions of this Policy, and the provisions of the pooled fund's investment policy, the investment manager is required to notify the Committee immediately in writing, detailing the nature of the conflict and the manager's recommended course of action.

Reasons for Terminating an Investment Manager

Reasons for considering the termination of the services of an investment manager include, but are not limited to, the following factors:

a. performance results which, over a reasonable period of time, are below the stated performance benchmarks;
b. changes in the overall structure of the investments such that the investment manager's services are no longer required;
c. changes in personnel, firm structure and investment philosophy, style or approach which might adversely affect the potential return and/or risk level of the portfolio; and/or
d. failure to adhere to the Asset Management Plan or the Policy.

8. OTHER POLICIES

Responsible Investing Policy

All manager selection processes and the monitoring of existing managers will be done in a manner consistent with the Foundation's Responsible Investing Policy contained within the Asset Management Plan.

Voting Rights, Valuation of Securities Not Regularly Traded, Directed Brokerage Commissions, and Standards of Professional Conduct

Policies in respect of these items are described in the Asset Management Plan.

Mission Related Investment Portfolio Investment Policy

Edmonton Community Foundation

Reviewed and approved
by the Board of Directors.
June 16, 2021.

MARTIN GARBER-CONRAD, CEO
On behalf of the Board

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1.0 GENERAL POLICY STATEMENT

1.1 This Statement of Investment Policy ("Policy") applies to the assets held in the Mission Related Investment Fund (the "MRI Fund") of the Edmonton Community Foundation (the "Foundation"). The purpose of the Policy is to formulate those investment principles and guidelines which are appropriate to the needs and objectives of the MRI Fund, and to define the management structure and monitoring procedures for the ongoing operation of the MRI Fund. The Statement of Investment Beliefs for the MRI Fund is attached as Appendix A.

1.2 Responsibility for all aspects of the MRI Fund rests with the Board of Directors ("Board"), including:

- the establishment of an overall investment policy, including broad asset allocation guidelines, return objectives, risk parameters and structure of investment management;
- the appointment and removal of investment managers ("Managers") and other advisors;
- monitoring the performance of the MRI Fund and its Managers;
- ensuring Policy compliance of the MRI Fund; and
- reporting on an annual basis the status of MRI Fund assets.

1.3 The Board will request and receive advice and recommendations on investment matters from the Investment Committee. A more extensive list of roles and responsibilities of various parties involved in the management of the MRI Fund is attached as Appendix B.

1.4 All investments in the MRI Fund are subject to legislative requirements under the Edmonton Community Foundation Act including procedural bylaws, the Income Tax Act (Canada) ("ITA") and MRI Fund requirements contained in the Policy.

1.5 Any Manager or other agent or advisor providing services in connection with the investment of the MRI Fund shall accept and adhere to this Policy and also to the specific written guidelines ("Mandate") and contract, agreed between the Manager and the Board. The Mandate shall include discretion limits, diversification requirements, quality standards, performance expectations and reporting requirements.

1.6 This Policy may be changed or modified at any time by the Board. Any such change shall be promptly communicated to the Managers.

2.0 RETURN/RISK OBJECTIVES OF THE FUND

2.1 The expected rate of return on the MRI Fund is an investment objective which recognizes the nature of the expected investments of the MRI Fund. The nature of the MRI Fund's investments may change over time, and accordingly the MRI Fund's objectives will be reviewed by the Board from time to time.

2.2 The MRI Fund's primary return objective is to achieve a rate of return of CPI + 1% (net of investment management fees) measured on a 5-year rolling basis. This objective must be balanced against the Foundation's requirement to smooth distributions.

2.3 The MRI Fund's primary investment risk is the risk of not delivering CPI + 1% (after investment management fees) over 5-year rolling time periods. Short term risk (annual) is the risk of cuts in distributions, so downside volatility of returns will be measured.

3.0 STATEMENT OF INVESTMENT BELIEFS

Preamble

The Statement of Investment Beliefs serves as a guide for the management of the MRI Fund for the Edmonton Community Foundation ("ECF"). This will be reviewed by the Investment Committee of ECF every three years, or more frequently if required.

The return objective for the MRI Fund is CPI + 1% (after investment management fees), measured on a rolling 5-year basis. This objective must be balanced against the Foundation's requirement to smooth distributions.

The MRI Fund's primary investment risk is the risk of not delivering CPI + 1% (after fees) over 5-year rolling time periods. Short-term risk (annual) is the risk of cuts in distributions, so downside volatility of returns will be measured.

Investment Beliefs

We believe that:

1. Investments can create positive measurable environmental and social impact along with financial returns.

2. As a public foundation, we exist to advance our mission and vision in the interest of the public good and in support of our donors' intentions..

3. Our investments can be catalysts to accelerate our ability to achieve our vision and mission. We actively seek out opportunities to create positive change through our capital both in and outside of Edmonton.

4. Philosophy, process, people and performance (long-term), are key measures for successful manager selection and monitoring. The managers we select are suitably sized for their philosophy and the opportunities in their asset class. A manager that is performing well could be terminated based on changes to their philosophy, process and personnel such that they are no longer a suitable fit for the MRI Fund.

5. Effective cost management contributes to higher returns. When assessing performance, the focus will be on net of investment fee returns.

6. Environmental, social and corporate governance (ESG) factors play an important role in the investment process in mitigating risk and creating a sustainable long-term return.

7. It is our responsibility to base investment decisions on the financial interests of the beneficiaries of the MRI Fund.

4.0 ASSET ALLOCATION

4.1 The asset allocation will be reviewed as the MRI Fund grows and matures.

4.2 The majority of the assets of the MRI Fund will be allocated to the Foundation's investment in Alberta Social Enterprise Venture Fund LP ("ASEVF LP"), controlled and managed by ECF. This investment will primarily be comprised of loans to charities, not-for-profits and socially focused businesses located in Alberta.

4.3 The remainder of the allocation will be to select funds that focus on areas that the Board feels are priorities for the Foundation.

5.0 PERMITTED CATEGORIES OF INVESTMENT

5.1 Subject to other provisions of this Policy, the Edmonton Community Foundation Act and By-laws, and the Income Tax Act (Canada), the MRI Fund may be invested in any or all of the following types of investments:

- Listed common stocks, convertible debentures, or preferred securities;
- real estate investment trusts ("REITs") and/or income trusts that do not expose the Fund to third party liability exposure;
- bonds, mortgage-backed securities, asset-backed securities, debentures, mortgages, notes or other debt instruments of governments, government agencies, or corporations;
- guaranteed investment contracts or equivalent of insurance companies, trust companies, banks or other eligible issuers, having a DBRS credit rating of R1 middle or equivalent;
- bankers' acceptances, term deposits or similar instruments issued or unconditionally guaranteed by major trust companies or banks;
- cash, or money market securities issued by governments, government agencies or corporations; or
- mutual, pooled or segregated funds and limited partnerships ("pooled funds") which may invest in any or all of the above instruments or assets.

6.0 INVESTING FOR IMPACT

6.1 Mission-related impact investing assets will be guided by the Foundation's Responsible Investing Policy contained within the Asset Management Plan.

6.2 The Board shall employ competent professional investment Managers. The Board shall make such Manager changes from time to time as they deem in the best interest of the MRI Fund and its beneficiaries. The Board can decide to manage investments internally if it feels the Foundation has the resources available to do this effectively.

6.3 The Board may also direct the Fund Custodian to hold cash equivalents on a short-term basis, either to meet payments or as directed by the Board pending allocation to one or more of the Managers.

6.4 Subject to this Policy, the Board shall grant full discretion of investment to the Managers subject to their individual Mandate guidelines.

6.5 The MRI Fund will be managed based on the vision of accelerating positive social or environmental outcomes to achieve impact that also has appropriate risk and return.

6.6 The MRI Fund will be managed based on our overall core values of contributing toward our mission of enhancing the quality of life of communities. This can include promoting positive environmental outcomes and more just, equitable, diverse and resilient societies. In addition our vision is to encourage transparency, responsibility and accountability to investors, employees, stakeholders and communities at large.

6.7 The core values in the evaluation of an investment for the MRI Fund will be generating a measurable positive impact alongside a financial return in any of the following areas 1) the Environment; 2) Community and Stakeholders; and 3) Human Rights. These values will serve as the philosophical platform for making social and environmental assessments.

6.8 Active stewardship activities will be primarily through monitoring and engaging Managers on their own practices of engaging investee companies on positive performance towards our core values.

6.9 Climate change presents a systemic risk – both physical damage risks and regulatory and technological transition risks to a low-carbon economy. It can also bring opportunities. We will encourage our Managers to assess and report on how they manage climate-related investment risks and opportunities.

7.0 MONITORING

7.1 An overall analysis of the MRI Fund performance will be prepared at least quarterly including:

- the rate of return earned by the MRI Fund;
- comparison to any applicable and relevant industry averages/medians (when possible); and
- measure of risk of the MRI Fund as shown by standard deviation of returns and/or other pertinent risk measures.

7.2 The performance of each Manager will be evaluated at least annually on the basis of results achieved over rolling five year periods. The failure of a Manager to meet its objectives (quantitative or qualitative) may lead to the Manager's termination. The performance objectives are outlined in each Manager's Mandate.

7.3 Qualitative concerns that may lead to a Manager's termination may include (but not limited to) the following:

- reputation or ethics;
- investment management personnel;
- investment process; and
- poor record of service.

A Manager may also be terminated if there are changes to the MRI Fund's investment management structure or ownership.

7.4 Prior to the appointment of a Manager to manage a portion of the MRI Fund, the Board or Investment Committee should consider (but not limited to) the following:

- consistency of investment process over time;
- success in retention of key investment personnel;
- appropriate investment philosophy
- strong historical performance (risk and return) relative to peers and applicable benchmarks; and
- reasonableness of investment management fees.

7.5 The Board shall monitor the performance of each Manager. Such monitoring will include, but not be limited to, meetings with Managers as required by the Board, quarterly reports from the Managers, and ongoing evaluation of performance relative to standards appropriate to the Manager's Mandate. Each Manager shall report, at least annually, the portfolio's adherence toward environmental and social performance and progress of underlying investments while striving for transparency and accountability as per best practice expectations set out by industry groups such as The GIIN (Global Impact Investing Network). Each Manager shall provide a quarterly compliance report, signed by their Compliance Officer, reporting on their fund's compliance with their Mandate, or, in the case of pooled funds, with the fund policy statement. In the event that the Manager is not in compliance, the Manager is required to detail promptly the nature of non-compliance and to recommend a course of action to remedy the situation. The Investment Committee will also monitor each Manager's turnover of personnel, consistency of investment philosophy and process, discipline in portfolio construction, and record of service.

8.0 POLICY REVIEW

8.1 This Policy will be reviewed at least annually by the Board or the Investment Committee. In determining whether changes to the Policy are required, the Board or Investment Committee will consider whether there has been:

- a fundamental change in the time horizon, income requirements or risk tolerance of the MRI Fund;
- shortcomings of the Policy that emerge in its practical operation or significant modifications that are recommended to the Board or Investment Committee by any other Manager or service providers;
- a significant increase to the costs of overall MRI fund management;
- applicable changes in Legislation; and
- a change in objective (misalignment with our core values) or performance related to responsible investing (ESG) practices.

Appendix A Roles and Responsibilities

Board of Directors ("Board")

- Monitor the administration of the Foundation to ensure compliance with all applicable legislation and Policy.
- Review/approve Mission Related Investment Fund's investment policy amendments, including changes to the Mission Related Investment Fund's target asset mix.
- Monitor the performance of the Mission Related Investment Fund and its Managers.

Investment Committee ("IC")

- Provide advice and make recommendations on investment matters to the Board as requested.
- To asist with manager selection or review as requested by the Board.
- To review the expected and actual financial return on the MRI Fund so that the Market Portfolio's allocation can be maanged to provided the financial returned required to achieve the Foundation's long-term return goals.

Foundation Staff ("Staff")

- Review custodial and Manager reports and summarize for the IC and the Board
- Distribute any relevant reports from the Managers, Custodian and Investment Performance Measurer to the Board or IC.
- Provide staff support to the IC and the Board in respect of investment matters, including follow-up between IC / Board meetings on investment related initiatives.
- Monitor performance and compliance of investments.
- Negotiate investment management, custodial and consulting contracts.

Investment Managers ("Managers")

- Each Manager has full authority, acting within the constraints placed within its Mandate and within this Policy, to manage all aspects of the investment of its portion of the Consolidated Portfolio
- Be asked to respond to our ESG Questionnaire every 2nd year,
- Provide written statement of compliance with their Investment Agreement on an annual basis.
- When requested, meet with the IC or Board.
- Inform the Staff of any change in their investment process, personnel and any other significant changes as soon as practicable.
- Provide our Investment Performance Measurer with all required information.
- Provide reporting on their Impact objectives and results achieved towards these targets.

Custodian

- Fulfill the regular duties of a Custodian as required by law.
- Complete the month-end (and quarter-end) custodial reports on a timely basis.
- Custodial reports to be sent to the IC, and Staff will include the following:
    - market values at month-end (and quarter-end); and
    - transactions during the period (including fees, purchases, redemptions, transfers).
- Process the security transactions that result from the buy and sell orders placed by the Managers, provided that the transactions comply with all applicable legislation.
- Process transactions (including contributions, payment of distributions and fees) required by the Foundation.