



**THE UNITED CHURCH OF
CANADA FOUNDATION / FONDATION DE L'ÉGLISE UNIE DU CANADA**

Investment Policy

- Dated the 5th day of November, 2004
- Board Approval the 17th day of November, 2004
- Revised with Board Approval the 5th day of December, 2017
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**Investment Policy
for
The United Church of Canada Foundation / Fondation De L'Église Unie
Du Canada**

Dated the 5th day of November, 2004
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SECTION I DEFINITIONS AND INTERPRETATIONS

1.01 Definitions

In this Investment Policy, the following words may, unless the context otherwise requires, have the following meaning:

“Act” means the Trustee Act (Ontario), R.S.O. 1990, c. T.23, as amended from time to time.

“Agency Agreement” means an agency agreement appointing an Investment Manager as an agent under the Act to make investment decisions on behalf of the Foundation in accordance with the Investment Policy.

“Board of Directors” or “Board” means the board of directors of the Foundation.

“Committee” means either an investment committee or a finance committee established by the Board of the Foundation in accordance with its general operating bylaw.

“Disbursement Policy” means the disbursement policy of the Foundation in place from time to time.

“Effective Date” means the effective date on which this Investment Policy is deemed to come into effect in accordance with Section SECTION III .

“Foundation” means The United Church of Canada Foundation / Fondation de L'Église Unie du Canada, a non-share capital corporation incorporated pursuant to the Canada Corporations Act, R.S.C. 1985, c. C. 32, by letters patent issued on the 22nd day of November, 2002.

“Fund” or “Funds” means the monies, funds, securities, cash, real property and personal property held by the Foundation from time to time.



“Investment” means any form of investment by which a Fund or Funds of the Foundation are invested.

“Investment Manager” or “Investment Managers” means the investment manager or investment managers appointed by the Board of the Foundation to act as an agent on behalf of the Foundation in accordance with the terms of the Act.

“Investment Advisor” means an investment advisor utilized by the Board of the Foundation in accordance with the terms of the Investment Policy.

“Investment Policy” or “Policy” means the investment policy of the Foundation in place from time to time in accordance with the terms of the Act, inclusive of any Specific Investment Policies.

“Specific Investment Policy” means a specific investment policy for a Fund or Funds of the Foundation in place from time to time in accordance with the Act and forming part of the Investment Policy.

1.02 Interpretations

In this Investment Policy, the following interpretations may apply:

- a) the masculine gender may include the feminine gender;
- b) the singular may include the plural and vice versa; and
- c) headings are for reference purposes only and do not constitute a substandard part of the Investment Policy for purposes of interpretation.

SECTION II BACKGROUND INFORMATION

2.01 The Foundation

The Foundation was incorporated by letters patent issued on the 22nd day of November, 2002 and continues under the Canada Not For Profit Corporations Act as of June 2013

2.02 Investment Power of the Foundation

The letters patent for the Foundation provides that the investment power under the Act may apply to the Funds of the Foundation.

2.03 Funds Held by the Foundation

The Foundation holds both general and restricted Funds that it is responsible to invest.

2.04 Fiduciary Duty of the Board

The Board of Directors recognizes that it has a fiduciary duty to prudently invest the Funds of the Foundation to the best of its ability.

2.05 Purpose of Investment Policy

In order to comply with terms of the investment powers provided for under the Act, the Board has prepared this Investment Policy for the Foundation.

SECTION III EFFECTIVE DATE FOR INVESTMENT POLICY

3.01 Effective Date

This Investment Policy is deemed to come into effect on the 17th day of November, 2004, and all Investments thereafter may be made in accordance with the terms thereof.

3.02 Transition Period

In the event that a Fund or Funds of the Foundation is not invested in accordance with the terms of the Investment Policy as of the Effective Date, or in the event that a Fund is received by the Foundation that does not comply with the terms of the Investment Policy, then such Fund may be re-invested in order to be brought within the terms of the Investment Policy within sixty (60) days of the later of the Effective Date and the date that the Fund is received, failing which the Investment will be sold and the proceeds thereof may be invested as soon as possible therefore in accordance with the terms of the Investment Policy.

SECTION IV INVESTMENT PHILOSOPHY

4.01 Our approach to investing

We invest based on the words of the New Creed:

“We are called to be the church:
To live with respect in creation;
To love and serve others;
To seek justice and resist evil”

We are grateful for the generosity of the people of the church –both those past, present, and those planning for the future who have contributed to funds that support the work of the church

and that are gifts from generous United Church people and organizations. It is our responsibility to be faithful stewards of those resources. Being faithful stewards is more than ensuring financial returns – it is about caring for all of creation and all our relations.

4.02 Responsible Investing

The Foundation endorses an approach to responsible investing that includes the incorporation of environmental, social, and governance (ESG) factors into our investment policy guidelines and proxy voting policy guidelines based on the sole purpose of the financial best interest of participants and members.

The Foundation also sees the growing importance of responsible investing as affirmation of our belief that corporate responsibility and long-term performance are not mutually exclusive but are complementary. Responsible investing reflects our central goal of providing returns aligned with values. We embrace responsible investment (RI) in our investment strategies because it is an integral element of sustainable business practices and ultimately, long-term profitability. The Foundation is a signatory and/or member of various bodies that encourage institutional investors to act as good stewards of their members' capital through the integration of ESG factors and active ownership (monitoring, engagement, and voting) practices.

4.03 ESG Investing

The Foundation supports that:

- (a) responsible investing is a positive force influencing corporate behaviour through encouraging responsible actions;
- (b) responsible investment is more than negative screening;
- (c) engagement can be a powerful tool to change corporate behaviour;
- (d) promoting ESG issues in the companies in which we invest serves both parts of our mandate: to generate good financial returns while honouring the values of the organization we serve and the denomination.

4.04 Engagement with Companies and Policymakers

We use engagement either directly or through a third party to encourage companies to improve their ESG practices in areas such as sustainable environmental practice; fair treatment of customers and suppliers; responsible employment practices; conscientiousness with regard to human rights; sensitivity toward the communities in which they operate; respect for free, prior, and informed consent; and best corporate governance practice. The breadth and depth of

engagement is limited by the available resources and staff time that can be devoted to this activity.

We sign on to petitions that align with our beliefs and the priorities set by the Foundation's Board of Directors.

4.05 Investment Exclusions

The United Church of Canada has a long history of seeking a theological, social, and ecological policy base to address justice concerns. Both the church and Foundation understand that economic issues are faith concerns because they are at the heart of ensuring a dignified life for all people and living with respect in creation. Responsible investing is an investment and a theological issue, with both perspectives taken into consideration.

Historically the United Church has identified several business activities that are inconsistent with the church's values. The Foundation has named securities of companies materially engaged in these areas as unsuitable for investment. These business activities include tobacco, gambling, adult entertainment, and antipersonnel weapons. Companies that engage in these business activities in a material way are not considered part of the national investment bodies' direct investment universe.

SECTION V GENERAL TERMS OF INVESTMENT POLICY

5.01 Applicable Investment Power

- a) Unless provided otherwise by the terms of a gift agreement or other document creating a Fund, the investment power provided for under the Act, and as described below may apply to all Funds of the Foundation.
- b) In the event of a conflict between the terms of this Investment Policy and the terms of the Act, the terms of the Act may prevail.
- c) A specific investment power contained within a gift agreement or document creating a Fund may override the terms of this Investment Policy only in the event that the specific investment power in question is clearly stated and is materially different from the investment powers provided for under the Investment Policy.

5.02 Application of Investment Policy

This Investment Policy may apply to all Investments of the Foundation, regardless of the jurisdiction in which they are invested.

5.03 Prudent Investor Standard of Care

The standard of care that may apply to the Investment of Funds of the Foundation may be the care, skill, diligence and judgment that a prudent investor would exercise in making similar investments.

5.04 Purpose of the Investment Policy

The purpose of the Investment Policy may be to accomplish the following:

- a) To establish a policy for the Investment of Funds of the Foundation that comprises reasonable assessments of risk and return that a prudent investor would adopt under comparable circumstances; and
- b) To ensure that the Investment of Funds of the Foundation are carried out in accordance for what is in the best interest of the charitable objects of the Foundation.

5.05 Authorized Investment

The Foundation is authorized to invest the Funds of the Foundation in any of the following:

- a) any form of Investment in which a prudent investor might invest;
- b) subject to (a) above, in a mutual fund, pooled fund or a segregated fund under a variable insurance contract; and
- c) in the event that any Fund is held with a trust corporation as defined under the Loan and Trust Corporations Act, R.S.O. 1990, c. L.25, in a common trust fund maintained by such trust corporation.

5.06 Specific Terms of Reference for Investment Policy

The specific terms of reference for the Investment Policy are those set out in the Specific Investment Policy or Policies described in Section VII.

5.07 Utilization of Investment Advisors

Where an Investment Manager has not been retained by the Foundation for purposes of delegating investment decision making, then the Board may, where possible, retain a qualified Investment Advisor to provide investment advice as necessary.

5.08 Utilization of Professional Advisors

The Foundation may, when possible, obtain the services of a lawyer and/or a chartered accountant, as necessary, to provide professional advice to the Board in relation to the implementation of the Investment Policy and any amendments thereto, or the interpretation in relation to its terms that may require clarification from time to time.

5.09 Utilization of Investment Committee

- a) When authorized by the general operating bylaw of the Foundation, the Board may utilize a Committee to assist the Board with the Investment of Funds in accordance with the Investment Policy.
- b) The composition, duties and procedures for such Committee may be determined in accordance with the general operating bylaw of the Foundation.
- c) The Board may seek the advice or the assistance of the Committee for the investment of Funds of the Foundation in accordance with the terms of the Investment Policy.
- d) Alternatively, the Board may authorize the Committee to invest the Funds of the Foundation, provided that the Committee may at all times be under the direction and control of the Board and may, where possible and where requested by the Board, report to the Board at each meeting of the Board.

5.10 Utilization of Foundation Staff

Where appropriate, the Board may utilize the staff of the Foundation to assist in investment decision making on behalf of the Board, provided that such staff may at all times remain under the direction and control of the Board and may, where possible and where requested by the Board, report to the Board at every meeting of the Board.

5.11 Co-Mingling of Restricted Funds

- a) When deemed appropriate by the Board, the Board may authorize the co-mingling of restricted and/or special purpose Funds of the Foundation for investment purposes if

such co-mingling would result in the improved administration and/or an improved investment return for the Foundation.

- b) The co-mingling of restricted and/or special purpose Funds may only be done in accordance with the regulations in place from time to time under the Charities Accounting Act (Ontario), R.S.O. 1990, c. C.10.
- c) At no time may any restricted and/or special purpose Funds be co-mingled with the general Funds of the Foundation.
- d) A Specific Investment Policy may be prepared for each special grouping of co-mingled Funds in accordance with this Investment Policy, the Act and regulations under the Charities Accounting Act (Ontario), R.S.O. 1990, c. C.10.

5.12 **Rebalancing Assets**

If at any time the investment portfolio(s) within a specific investment policy or as part of this Investment Policy are out of alignment with the relevant asset mix, the portfolio will be brought back into compliance with the relevant asset mix by the end of the following one (1) quarter or as soon as is reasonably practicable.

5.13 **Legislative Compliance**

(a) Jurisdiction of Investment Power

In the event that a Fund is invested outside of the Province of Ontario, then in addition to complying with the terms of the Investment Policy, the Funds may be invested, where applicable and as much as possible, in accordance with the terms of the applicable legislation regulating the investment of trust funds in the applicable jurisdiction. In the event that a conflict develops between the terms of the Investment Policy and the applicable investment legislation in that said jurisdiction, then the terms of the Investment Policy may prevail and the Investment in question may be sold and the proceeds thereof may be invested as soon as possible thereafter in accordance with the terms of the Investment Policy.

(b) Compliance with Applicable Legislation

In addition to complying the terms of the Act and this Investment Policy, the Investment of Funds may be subject to complying with the restrictions and the requirements under other applicable legislation, including but not limited to:

- i. the Income Tax Act (Canada), R.S.C. 1985, C.1 (5th Supp.), in relation to permitted investments;
- ii. the Charitable Gifts Act (Ontario), R.S.O. 1990 c. C.8, in relation to the limitation on owing not more than a ten percent interest of any business as defined therein;
- iii. the Charities Accounting Act (Ontario), R.S.O., 1990 c. C.10, in relation to the restrictions to not own land for more than three years where such land is not used to further the charitable purpose of the Foundation;
- iv. the Accumulations Act (Ontario), R.S.O. 1990, c.A.5, in relation to the restrictions that income from real or personal property cannot be accumulated for any longer than the maximum accumulation periods set out in Section 1(1) therein; and
- v. the Canada Corporations Act (Ontario), R.S.C. 1985, c. C. 32 in relation to a requirement to prepare audited financial statement each year, which should show details of the Investments of the Funds of the Foundation.

5.14 Conflict of Interest

- a) No member of the Board, or any member of any committee reporting to the Board, may directly or indirectly receive any benefit or gain from any Investment of Funds of the Foundation, save and except for reimbursement of out of pocket expenses.
- b) The Investment Committee may regularly report to the Board on how the Investment of Funds is being undertaken. Any Board member who has any direct or indirect personal interest, gain or benefit in relation to an Investment of the Funds may declare their interest therein in writing to the Chair and President of the Foundation in advance of such Investment of Funds being made by the Foundation.
- c) Notwithstanding section SECTION II 0, no disclosure or prohibition of involvement is required in relation to an Investment of Funds unless the direct or indirect personal interest, gain or benefit of the Board member in such Investment of Funds is of a material nature. The phrase “material nature” may mean that the Board member in question, directly or indirectly, is personally receiving a material benefit or gain of some kind, either financially or otherwise, with the determination of “material benefit or gain of some kind” in such circumstances to be determined by the Board from time to time.

- d) In the event that there is a conflict of interest involving a Board member concerning any Investment of Funds, then either the Foundation may not proceed with the Investment in question or, alternatively, the Board member may not be present during any discussions in relation to the said Investment of Funds and may refrain from any voting by the Board in relation to the said Investment of Funds, with such actions being recorded in the minutes.

- e) In the event that the Board proceeds with the said Investment of Funds in which a Board member has a direct or indirect personal interest, gain or benefit in contravention of section SECTION II a), such Board member may be required to immediately resign from the Board, failing which he or she may be deemed to have resigned from the Board upon the passing of Board Resolution approving the said Investment of Funds.

- f) Any other person who is directed by the Board to provide assistance or advice with regard to investment decision making in accordance with the terms of this Investment Policy may not, directly or indirectly, permit himself or herself to be put into conflict of interest or breach of his or her fiduciary duty, if applicable. All such individuals may disclose any potential or actual conflict of interest to the Board on a timely basis, and the Board may either not proceed with the Investment in question, or may seek the written resignation or termination of the individual in question from providing assistance or advice to the Foundation.

- g) An Agency Agreement with an Investment Manger appointed in accordance with this Investment Policy may permit a conflict of interest in certain situations, if it is reasonable and prudent to do so in the circumstances.

5.15 Disbursement of Investment Income

The income earned from the Investment of Funds may be disbursed by the Board in accordance with the Disbursement Policy of the Foundation in place from time to time.

SECTION VI

SPECIFIC INVESTMENT POLICIES

6.01 Purpose of Specific Investment Policies

- (a) A Specific Investment Policy may be prepared for each Fund or grouping of Funds which requires a separate Investment Policy as a result of either the nature or the intended use of the Fund.
- (b) There may be no limits concerning the number of Specific Investment Policies which may be implemented by the Foundation, but the Foundation may have in place at all times at least one Specific Investment Policy for the general Fund of the Foundation.
- (c) Restricted funds and/or specific purpose Funds may be invested in accordance with a single Specific Investment Policy where there are similarities in applicable terms of the restricted and/or special purpose Funds.
- (d) Each Specific Investment Policy adopted by the Board of the Foundation may be deemed to be a part of and incorporated by reference into the Investment Policy.
- (e) The terms of a Specific Investment Policy may be made in accordance with and be subject to the terms of the Investment Policy, and where a conflict exists, the terms of the Investment Policy may prevail.
- (f) Specific Investment Policies may be prepared with the assistance of an Investment Advisor, if an Investment Manager is not appointed, or with the assistance of an Investment Manager.
- (g) In the event that the Board of the Foundation delegates investment decision making in accordance of the Investment Policy, then the Specific Investment Policy adopted for a particular Fund or Funds may include the terms of any Agency Agreement required by the Investment Policy.

6.02 Implementation of Specific Investment Policy

- (a) A Specific Investment Policy may not come into effect unless such Specific Investment Policy has been adopted by the Board of the Foundation and specifically includes a provision stating that the Specific Investment Policy is subject to and complies with the terms of the Investment Policy as amended from time to time.

- (b) Each Specific Investment Policy may be filed with the Investment Policy and may be kept with the corporate records of the Foundation.

Section 6.03 Criteria for Specific Investment Policy

- (a) The terms of a Specific Investment Policy may reflect and further the charitable purpose of the Foundation, as well as any restricted and/or a special purpose trusts that apply to the Fund or Funds in question.
- (b) In adopting a Specific Investment Policy for one or more Funds, the Board of the Foundation may consider the following criteria, in addition to any others that may be relevant under the circumstances:
 - (i) the applicable economic conditions;
 - (ii) the possible effect of inflation or deflation;
 - (iii) the expected tax consequences of investment decisions or strategies;
 - (iv) the role that each Investment or course of action plays within the overall Investment portfolio;
 - (v) the expected total return from income and the appreciation of capital;
 - (vi) the need for liquidity, regularity of income and preservation or appreciation of capital; and
 - (vii) the Fund's special relationship or special value, if any, to the charitable objects of the Foundation or to one or more of the restricted and/or special purposes trusts that apply to the Fund or Funds in question.

6.04 Diversification for Specific Investment Policy

Each Specific Investment Policy must involve a diversification of the Fund or Funds in accordance with the requirement of the Act to an extent that is appropriate to:

- (a) the requirements of the Fund or Funds; and

- (b) the general economic investment market conditions.

6.05 Contents of Specific Investment Policy

Each Specific Investment Policy must include, as a minimum, the following:

- (a) the name and description of the Specific Investment Policy;
- (b) a description of the Investment objectives;
- (c) a description of what asset classes of Investments are to be included;
- (d) a description of what ranges within which each asset class of Investments can be held, including a bench mark allocation for each asset class, where applicable;
- (e) a description outlining the constraints applicable to each asset class of Investments, if appropriate, and the circumstances under which there can be deviation from such constraints; and
- (f) a description of how Investment performances are to be evaluated, including the time frame for such performance measurement.

SECTION VII DELEGATION

7.01 When Delegation of Investment Decision Making is Permitted

Delegation of investment decision making by the Board may only be undertaken if all of following criteria have first been complied with:

- (a) a resolution has been adopted by the Board to delegate investment decision making to an Investment Manager;
- (b) all terms of the Investment Policy are complied with, together with all relevant Specific Investment Policies;
- (c) a qualified Investment Manager has been selected in accordance with the requirements of the Investment Policy;
- (d) the Investment Manager has entered into an Agency Agreement in accordance to the terms of the Investment Policy;

- (e) the Investment Manager complies with all of the duties imposed under the Agency Agreement and the Investment Policy; and
- (f) the Investment Manager is monitored on an ongoing basis by the Board in accordance with the Investment Policy.

7.02 No Further Delegation Permitted

An Investment Manager who is authorized to invest Funds on behalf of the Foundation in accordance with the Investment Policy may not delegate such authority to any other person or persons.

7.03 Requirement for Agency Agreement

- (a) An Investment Manager may enter into a written Agency Agreement with the Foundation, which may include, as a minimum, the following:
 - (i) a requirement that the Investment Manager comply with the Investment Policy in place from time to time, inclusive of all relevant Specific Investment Policies;
 - (ii) a requirement that the Investment Manager report to the Board at regular intervals as is mutually determined by the Investment Manager and the Board, but no less frequently than annually;
 - (iii) a statement that the Agency Agreement is to be read in accordance with and subject to the terms of the Investment Policy, and that in the event of a conflict, the terms of the Investment Policy may prevail and that the terms of the Agency Agreement may be deemed to be automatically amended in compliance with the terms of the Investment Policy; the Agency Agreement may form a part of a Specific Investment Policy where the terms of Specific Investment Policy and the duties and the Investment Manager are coordinated;
 - (iv) the Agency Agreement may, where determined necessary by the Board, be reviewed by and approved by legal counsel for the Foundation before the Agency Agreement is signed; and
 - (v) the description of the duties of the Investment Manager in the Agency Agreement must comply with the terms of the Investment Policy.

7.04 Selecting An Investment Manger

The Board of the Foundation may select an Investment Manager in accordance with what a prudent investor would do in similar circumstances, and in doing so may comply with any regulations made under the Act concerning the classes of persons or qualifications of persons who are eligible to be agents under the Act, i.e., Investment Managers, as well as establishing conditions for eligibility.

7.05 Monitoring Agents Performance

The Board of the Foundation, through its Investment Committee when applicable, may exercise prudence in monitoring the actions of the Investment Manager, and may, as a minimum:

- (a) review reports from the Investment Manager to be provided at least once every three months, together with a report within 30 days of the end of each fiscal year for the Foundation;
- (b) regularly review of the Agency Agreement with the Investment Manager from time to time, including how the Agency Agreement is being put into effect;
- (c) regularly review of the Investment Policy at least once every year, and determining whether or not the Policy should be revised or replaced;
- (d) replace the Investment Policy if it is appropriate to do so;
- (e) assess whether the Investment Policy is being complied with by the Investment Manager every quarter;
- (f) consider whether directions should be provided to the Investment Manager or whether the Investment Manager's appointment should be revoked; and
- (g) provide directions to the Investment Manager or revoking the appointment of the Investment Manager if it is appropriate to do so.

7.06 Duties of An Investment Manager

An Investment Manager appointed in accordance with an Agency Agreement in relation to the investment of Funds for the Foundation has a duty to do so:

- (a) with the standard of care expected of a person carrying on the business of investing the monies of others;
- (b) in accordance with the Agency Agreement;
- (c) in accordance with the Investment Policy, including any Specific Investment Policy to which the Funds being managed apply; and
- (d) in accordance with the Act and any regulations made thereunder.

7.07 Proceedings Against An Investment Manager

In the event that a Fund or Funds suffers a loss because of the breach of duty of the Investment Manager contrary to the requirements of this Investment Policy and the Act, the Board of the Foundation may commence proceedings against the Investment Manager as soon as possible thereafter in order to recover such loss.

SECTION VIII REVIEW AND AMENDMENT OF INVESTMENT POLICY

8.01 Review of Investment Policy

The Board may review, or receive advice from the Investment Committee, on this Investment Policy each year in order to determine whether it continues to comply with the applicable legislations and continues to meet the needs of the Foundation.

8.02 Amendments to Investment Policy

- (a) This Investment Policy may be amended by the Board adopting a revised Investment Policy.
- (b) Upon adoption of a new Investment Policy, copies of the Investment Policy may be forwarded to the Investment Manager acting on behalf of the Foundation and requiring that the Investment Manager acknowledge and agree in writing to comply with the terms of the Investment Policy within sixty days the date of the revised Investment Policy, failing which the appointment of the Investment Manager may be terminated and a new Investment Manager may be retained who is able to comply with the terms of the revised Investment Policy.



- (c) A copy of any revised Investment Policy, as well as a copy of this Investment Policy, may be forwarded to the auditor for the Foundation, as well as to any individual who requests a copy of the same in writing from the Foundation.

Appendix A: Specific Investment Policy – General Investments

Name and Description

This Specific Investment Policy covers the traditional portfolio made of undesignated, internally and externally designated long term funds. It is called the General Investments Portfolio.

Investment Objectives

Investments will be managed in order to achieve a return which provides at least for the annual disbursement quota required by the Canada Revenue Agency, the administration fee levied by the Foundation, and the reinvestment necessary to preserve the real value of capital. Typically, this return would be in the range of 5-8% per year. In selecting, retaining and disposing of investments, the Investment Committee will consider diversification, asset allocation and performance of individual securities.

Diversification

The Foundation will attempt to achieve reasonable diversification with respect to asset classes, market sectors, term of interest-bearing securities, and risk.

Asset Allocation

Category	Benchmark	Minimum	Maximum	Target
Fixed Income (F.I.)		15%	40%	30%
Cash & money market	91-Day T-Bill	0%	15%	5%
Traditional F.I. (incl. Canadian & International Bonds)	FTSE Canada Universe Bond Index	15%	30%	20%
Non-Traditional F.I. (incl. Diversified Lending, et al.)	91 Day T-Bill + 5%	0%	10%	5%
Equities		20%	70%	60%
Canadian equities	S&P/TSX Composite	10%	30%	20%
US equities	S&P 500 CAD	10%	30%	20%
International equities	MSCI EAFE CAD Net	10%	30%	20%
Alternatives (may include real estate, infrastructure, agriculture, et al.)	CPI + 4%	0%	20%	10%



Should the portfolio become out of alignment with the Asset Allocation, as per the Foundation's Investment Policy, the portfolio will be realigned by the end of the following quarter or as soon as is practicable.

Performance

Performance will be measured by comparison against quantitative benchmarks, thorough evaluation of qualitative factors, and by measuring costs associated with managing the investments.

- 1) Qualitative factors:
 - a. Material changes in senior management, accounting practices, business strategy, potential legal liabilities, market structure
 - b. Insider trading
 - c. Long-term intrinsic value of investment
 - d. Corporate governance
 - e. Corporate social responsibility

- 2) Cost of administration
 - a. Investment costs: investment manager fees, trading fees
 - b. Other costs: legal, accounting, research

- 3) Quantitative benchmarks as determined in conjunction with the portfolio manager.

The Investment Committee will review performance quarterly and notify the Board of Directors any recommended changes.

Appendix B: Specific Investment Policy – Impact Investments

Name & Description

This specific investment policy is to enhance the way the Foundation achieves its mission. It is called the Impact Investment Portfolio. The Foundation will seek to align impact investments to support and enhance its mission and priorities as named by the Board of Directors.

Financial Investment Objectives

The Portfolio seeks a mix of income, capital gains, cash and accrued returns. It will target an average rate of return of 5% on invested capital before inflation and investment management fees. There is some income required to fund operations or distribution from the Portfolio. The primary performance goal is to increase the Foundation’s impact while seeking, at a minimum, to preserve capital.

Social and Environmental Investment Objectives

The four top priorities are the following:

1. Racialized peoples, newcomers, and immigrants
2. Indigenous peoples
3. Care for Climate
4. Rural community support/development

The chart below shows each of the United Nations Sustainable Development Goals (SDGs) that are most important to the Foundation.

UN Sustainable Development Goals			
1. No Poverty		9. Industry, Innovation, and Infrastructure	
2. Zero Hunger		10. Reduced Inequality	X
3. Good Health and Well-Being		11. Sustainable Cities and Communities	X

4. Quality Education		12. Responsible Consumption and Production	
5. Gender Equality		13. Climate Action	X
6. Clean Water and Sanitation		14. Life Below Water	
7. Affordable and Clean Energy	X	15. Life on Land	
8. Decent Work and Economic Growth		16 & 17. Peace, Justice and Strong Institutions & Partnerships for the Goals	

Investment Constraints

Time Horizon

The portfolio will have a medium-term horizon with investments typically between 2-10 years.

Income Requirements

No income is required.

Taxation Issues

Non-taxable – As the accounts are not taxable, the source of the return, i.e. capital gains vs. interest and income, need not be taken into account.

Legal & Regulatory

The Investment Manager appointed by the Board of the Foundation will adhere to the Investment Policy and the rules regulating all accounts under management.

Unique Needs and Circumstances

Investment Constraints (at time of investment purchase and outside of the initial building phase):

- Overall, we seek a diversified portfolio with no single investment (including pooled funds) representing over 20% of the impact portfolio.

- Private equity: No more than 20% of a total raise of a fund; No more than 10% of the impact portfolio can be invested in a single direct deal.
- Private debt: No more than 25% of a total raise of a fund or bond offering; No more than 20% of the impact portfolio can be invested in a single direct deal.
- Real assets: No more than 20% of a single raise (single asset or pool of assets); No more than 15% of the impact portfolio can be investment in a single asset or pool of assets.
- Most investments registered or domiciled in Canada
- Most of investments in more established organizations

Risk Tolerance

The portfolio has a medium to medium-high risk tolerance unless an investment has a higher-than-average potential for impact or return. This portfolio will contain both equities and fixed income, in both public and private domain. Depending on the relative allocation into public and private investments, the risk level ranges from medium to high. As such, during difficult market cycles, the portfolio may be expected to drop in value. Some of these investments are subject to lock-up of five years or more, hence the portfolio is subject to illiquidity risk. Specifically, funds may not be available as and when needed, nor valuation available and subject to higher volatility than liquid investments. The Foundation understands the risk and is prepared to take on this potential illiquidity and volatility within the Impact portfolio.

Asset Mix

The strategic and tactical allocations (see below) are outlined on the following page. Short-term deviations from the long-term strategic target are known as “tactical” allocations. Tactical allocations are set to allow for natural drift as asset classes grow at different rates. They may also be used to take advantage of market opportunities.

The following asset mix is most appropriate for the portfolio:

Financial Asset Classes	LOWER BOUND	TARGET	UPPER BOUND
Money Market			
Public Fixed Income			
Private Fixed Income			
Total Cash & Fixed Income	50%		70%
Public Equity			
Private Equity & Venture Capital			
Total Equity	10%		40%
Total Real Assets	0%		30%
Total Portfolio			

*Shaded area indicates "manager's discretion" within the bounds specified.

During a transition phase, especially when initially building the portfolio, the asset mix may be very different from the targets.

Asset classes could increase beyond the upper bounds as valuations of investments will move and there may not be an opportunity to rebalance the portfolio due to illiquidity.

Performance

Performance will be measured by comparison against quantitative benchmarks, thorough evaluation of qualitative factors, and by measuring costs associated with managing the investments.

- 1) Qualitative factors:
 - a. Material changes in senior management, accounting practices, business strategy, potential legal liabilities, market structure
 - b. Insider trading
 - c. Long-term intrinsic value of investment
 - d. Corporate governance
 - e. Corporate social responsibility

- 2) Cost of administration
 - a. Investment costs: investment manager fees, trading fees
 - b. Other costs: legal, accounting, research



3) Quantitative benchmarks as determined in conjunction with the portfolio manager.

The Investment Committee will review performance quarterly and notify the Board of Directors any recommended changes.