JESSIE SMITH NOYES FOUNDATION

OUR MANDATE FOR MISSION-ALIGNED INVESTING

Investment Policy Statement

SEPTEMBER 2022

Acknowledgments

We are indebted to the social justice movement leaders who have been demanding that the field of progressive philanthropy be bolder and better in its investment practices in order to pursue justice and equity.

We recognize the deep commitment and leadership of our staff and Board of Directors, particularly Rini Banerjee, president at the Jessie Smith Noyes Foundation, and the Investment Committee members Marc Diaz, Leilani Wilson Walkush, Nick Jacangelo, and Scott Budde, the Committee Chair. They worked closely with Brad Harrison and Rob Meussner from Tiedemann Advisors to revise our Investment Policy Statement.

We are also grateful for external reviewers — Steve Godeke, former board chair and investment committee chair at the Jessie Smith Noyes Foundation; Erika Seth Davies, chief executive officer at Rhia Ventures; Eric Horvath, director of capital strategies at Common Future; and Nwamaka Agbo, chief executive officer of the Kataly Foundation; and the Initiative for Responsible Investment's Trustee Leadership Forum and Racial Justice in Investing Cohort — for sharing their issue expertise, Jocelyn Ban for copyediting, and Rebecca Hume for developing the visual design of the policy.

We acknowledge several philanthropic organizations — Solidaire, Resource Generation, Daphne Foundation, and the Justice Funders — whose thought leadership on investment policy statements guided our latest revision.

This Investment Policy Statement was originally approved in January 1997 and has been revised nine times: March 2001, July 2003, November 2004, November 2005, November 2006, October 2010, April 2011, April 2013, and March 2022.

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OUR PROCESS AND THE ROAD AHEAD

Our Journey in Mission-aligned Investing

For the past thirty years, the Jessie Smith Noyes Foundation (“Noyes” or “the Foundation”) has worked to align its endowment with its grantmaking activities. We began aligning our endowment assets with our mission starting in the 1980s with negative screens to divest from companies that were profiting from fossil fuel extraction. In 1994, the Foundation became the first philanthropic institution to file a shareholder resolution with a publicly traded corporation. The resolution prompted Intel to include information sharing with local communities into its Environmental Health and Safety policy. We have continued to expand proactively to invest in companies that are building the better world we envision and broadened further into shareholder activism and direct impact investments.

This Investment Policy Statement (IPS) highlights the current approach to our mission-aligned investment strategy. This approach takes bold action to resource a solidarity economy that works for all.

WE ARE COMMITTED TO INVESTMENT POLICIES AND PROCESSES THAT PRIORITIZE PEOPLE AND THE PLANET TO REDISTRIBUTE WEALTH, LAND, AND POWER.

Our North Star

The Jessie Smith Noyes Foundation’s mission is to support grassroots organizations and movements in the United States working to change environmental, social, economic, and political conditions to bring about a more just, equitable, and sustainable world. We seek to advance multi-issue work led by those most impacted by injustice — particularly women of color and Indigenous people — as they have the lived experience of being disenfranchised by unjust systems and have the clearest strategies for change.

The Foundation has been a leader in the field of racial and gender justice grantmaking by modeling best-in-class grantmaking practices and strategies for the field of philanthropy. We are committed to investment policies and processes that prioritize people and the planet to redistribute wealth, land, and power. Our IPS is a core tool to operationalize our commitment.

Our Commitment to Ongoing Innovation and Best Practices

We seek to remain at the forefront of mission-aligned investing and will periodically review and revise this IPS. We commit to an ongoing process of field building and partnership, alignment with grassroots social movements, and testing innovative best practices as we seek to activate our investment resources to further our mission.

THE ROLE OF PHILANTHROPY IN ADVANCING JUSTICE

American capitalism has relied on the subjugation and exploitation of Black, Indigenous, and People of Color (BIPOC) since its beginnings. The theft of Indigenous land, the genocide of Indigenous peoples, and the enslaved labor of millions of African people are what fueled the economic growth of the United States in its early history. Today, workers of color are chronically concentrated in underpaid, undervalued occupations while (mostly) white corporate executives profit from their labor. We also continue to destroy the climate and natural systems that we depend on. In essence, our country's capitalist economic system is intensely reliant on the entrenched forces of white supremacy and anti-Blackness.

The modern field of institutional philanthropy has been built upon this extractive economic system and white supremacy, and anti-Blackness is baked into the practices of our field. Many foundations have chosen to grow their endowments by generating enormous profits from industries that harm frontline communities that their grant dollars aim to support, such as predatory lending, speculative real estate, surveillance, money bail, and the prison- and military-industrial complexes. We believe that we need to shift from a transactional approach to investing towards a transformational approach to repair extractive relationships with people and the planet.

We consider it our responsibility to align our investment practices with the collective vision created with movement partners that seeks a regenerative and just economy. Grantmaking is not enough, as demonstrated by the persistence of racial, gender, economic, and environmental inequities. We use our positional power to deploy investment capital to support those most impacted by economic inequality to determine what their communities need and retain the returns generated from these investments. To further achieve our mission, and with the acknowledgment that philanthropy is a small part of the financial ecosystem, we need to leverage all our assets and positional power to influence pools of capital outside our own sector.

Noyes seeks to bring our leadership, analysis, and an invitation for others in the field to integrate mission alignment into their investment strategy and explore movement-aligned capital strategies to address the many interconnected economic, racial, and environmental injustices.

GRANTMAKING IS NOT ENOUGH... WE NEED TO LEVERAGE ALL OUR ASSETS AND POSITIONAL POWER TO INFLUENCE POOLS OF CAPITAL OUTSIDE OUR OWN SECTOR.

OUR MISSION-ALIGNED INVESTMENT PHILOSOPHY

Why Alignment Matters

We are committed to building a 100% mission-aligned portfolio for three primary reasons:

- ***To ensure consistency between our investments and our grantmaking.*** At a minimum, this means avoiding investments in companies or entities which might contribute to problems we are seeking to solve through our philanthropy.
- ***To materially expand our social change intentions*** by leveraging the investment portfolio for social and environmental benefit.
- ***To create a positive impact across all portfolio assets***, not just the capital used for grantmaking in the current year.

WE WILL LIMIT EXPOSURE TO COMPANIES, SECTORS, AND STRATEGIES THAT ENGAGE IN PRACTICES VIEWED AS COUNTER-PRODUCTIVE TO THE FOUNDATION'S MISSION.

Our Model

We use five investment approaches to align our investment portfolio with our mission and values. Read more about each of these strategies on the following page.

1. Negative Screening and Positive Tilts

The Foundation's investments will focus on supporting solutions that drive positive outcomes in alignment with its mission and values to the extent possible. That said, certain investments can be made with the desire to gain broad market diversification. In those instances, we will limit exposure to companies, sectors, and strategies that engage in practices viewed as counterproductive to the Foundation's mission through negative screening. We complement this practice by applying positive tilts to overweight our allocations to companies with high social and environmental purposes.

AT A MINIMUM, AVOID INVESTMENTS IN COMPANIES OR ENTITIES WHICH MIGHT CONTRIBUTE TO PROBLEMS WE ARE SEEKING TO SOLVE THROUGH OUR PHILANTHROPY.

2. Environmental, Social, and Governance (ESG) Integrated Investments

These investments exhibit meaningful integration of ESG characteristics across a range of factors that align with industry best practices and the Foundation's support for a portfolio managed to high ESG standards. This investment approach can be integrated in different asset classes such as public equity and fixed-income securities to improve risk management, identify opportunities for sustainability-driven improvements, and participate in activist campaigns and shareholder engagement to influence company and management performance. Preference will be given towards investments that are more uniquely aligned with the focus areas of the Foundation, where possible.

We utilize two approaches through our ESG integrated investments: 1) invest in companies with leading ESG practices and 2) support activism and engagement to improve ESG practices. Low-carbon investing in response to environmental justice or investing in businesses that already have strong governance and stakeholder practices are examples of investing in leading ESG practices. Working with companies to enhance their carbon emissions reporting or improving gender and racial outcomes within hiring practices and wages are examples of activism and engagement to improve ESG practices.

3. Thematic Investments

This investment classification includes asset classes (e.g., private investments) made to further express the values and mission of the Foundation by targeting investments making intentional "net positive change," while also contributing to the Foundation's goal of perpetuity through capital appreciation. The Foundation will invest in a diversified set of "market-rate" or growth-oriented strategies across thematic areas that are likely to improve environmental and socio-economic outcomes aligned with the Foundation's mission.

4. Catalytic Investments

The Foundation will consider "catalytic" opportunities where there is significant mission alignment and leads with positive impact first over other investment criteria. This includes investments that distinctly seek impact and require higher risk tolerance with an associated potential for competitive returns or concessionary investments that seek positive impact or require accepting lower returns to optimize for the intended impact.

5. Shareholder Engagement and Field Building

It is the Foundation's responsibility as an active steward of capital to consider portfolio companies' social and environmental impacts as a dimension of financial and operating performance. We allocate capital to managers that actively engage with portfolio companies and support proxy voting and shareholder initiatives through As You Sow and other shareholder advocacy groups. We recognize our role in the ecosystem of field builders committed to advancing mission-aligned investing with a racial and gender justice lens and work alongside organizations such as The Forum for Sustainable and Responsible Investment (US SIF), Interfaith Center on Corporate Responsibility (ICCR), Mission Investors Exchange (MIE), Confluence Philanthropy, Investors & Indigenous Peoples Working Group, and our grantee partners.

INVESTMENT GOALS AND RETURN TARGET

Investment Goals

The Foundation's investment goal is to produce growth and income consistent with maximizing positive social and environmental impact. Our investment objectives are the following:

- ***Mission Alignment***
  Avoid investing in ways that produce social and/or environmental negative impacts that contribute to the issues that the Foundation's grantmaking seeks to address, particularly in terms of the intersectional areas of racial, gender, economic, and environmental justice. This includes aligning investments with our values-based criteria and implementing industry best practices for ESG integration.

- ***Long-term Growth***
  Generate growth and income necessary to support the Foundation's operations and fund its grantmaking over the long term. The Foundation's return objective is to achieve cumulative returns with the lowest possible risk that enable the portfolio to keep pace with inflation while making annual distributions to support the mission and operating costs of the Foundation.

- ***Investment Selection***
  Choose investment advisors, investment managers, products, strategies, and holdings that contribute to more equitable, just, and inclusive economic and social systems that restore power and influence to the communities most impacted by systemic injustice.

WE RECOGNIZE THE CHALLENGES OF ACHIEVING FINANCIAL RETURN OBJECTIVES CONSIDERING THE UNCERTAINTIES AND COMPLEXITIES OF THE CONTEMPORARY INVESTMENT MARKET.

Financial Return Target

The Foundation's return objective focuses on total return and seeks to provide growth of capital with a long-term investment horizon.

- ***Risk Tolerance***
  We recognize the challenges of achieving financial return objectives considering the uncertainties and complexities of the contemporary investment market and the current economic, political, social, and environmental atmosphere existing in the United States and globally. Asset allocation, liquidity guidelines, and a list of prohibited investments and transactions are intended to manage risk but cannot eliminate it. In total, this policy is designed to produce an investment strategy with a moderate level of risk.

- ***Liquidity***
  Our liquidity needs are a crucial factor in determining our asset allocation mix. Achieving appropriate portfolio liquidity will require the Foundation to provide substantial advance notice of changes to annual expected operating and grantmaking distributions to the investment advisor. The Foundation will keep a minimum of 30% of assets in structures that have daily liquidity. These assets will be a mixture of equity, fixed income, and cash and equivalent securities.

- ***Illiquid Investments***
  The Foundation has a desire to align its illiquid investment allocation with its mission. Traditional private equity, growth equity, venture capital, and real assets may play a role in the long-term growth allocation due to their historical ability to generate returns more than public markets. In this category, there may be a need for additional ESG assessment due to the lack of transparency. Other private asset strategies may be included for their ability to increase the portfolio's mission alignment. Some illiquid investments may play a dual role such as mission and growth.

  Illiquid investments will consist of no more than 25% of the total portfolio. Illiquid investments are defined as capital locked up for periods of more than eighteen months. The restriction is designed to ensure adequate liquidity for operational needs. We expect to earn either higher financial returns or a deeper positive impact when investing in less liquid investments.

GOALS-BASED FRAMEWORK FOR ASSET ALLOCATIONS

Asset Allocation Guidelines

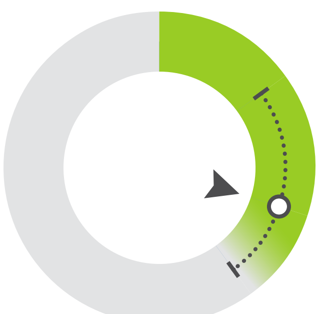
The Foundation's overall strategy will be centered around broad diversification among asset classes to enhance return, control risk, protect spending power, and meet mission objectives. The Foundation is committed to a longer-term (more than ten years and currently into perpetuity) strategy that maximizes the growth and goals of the Foundation through a range of diverse investments that prioritize financial needs and social impact.

As a result of the competing objectives of capital appreciation (growth in perpetuity) and operating requirements (consistent grantmaking and portfolio distributions), the Foundation has adopted a goals-based framework for portfolio management. This is defined within three categories:

THE FOUNDATION IS COMMITTED TO...DIVERSE INVESTMENTS THAT PRIORITIZE FINANCIAL NEEDS AND SOCIAL IMPACT.

STABILITY PORTFOLIO

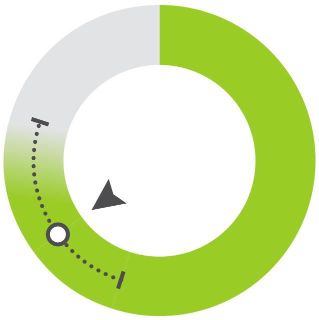
TARGET: 30%
ALLOWABLE: 15-40%



Assets within this category are intended to offer liquidity and stability to the broader portfolio. Typical investments include cash, cash equivalents, and investment-grade fixed-income instruments. The Foundation's cash will be held within community banks, credit unions, and Community Development Financial Institutions (CDFIs). These assets aid in dampening overall portfolio volatility and present little risk for sustained or significant loss. These assets often provide modest cash flows and can be used to provide liquidity for distributions or to fund capital commitments in times when typical rebalancing may not be optimal. Returns from these assets come from a mix of interest payments and potentially some modest capital appreciation and depreciation. Risks center on interest rate movements (duration) and a low probability of bond default.

GROWTH PORTFOLIO

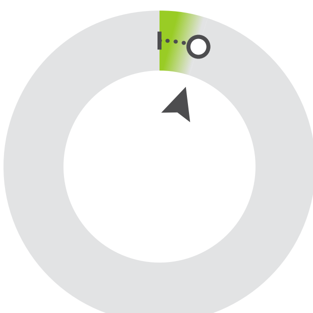
TARGET: 65%
ALLOWABLE: 55-80%



Assets within this category are intended to drive capital appreciation and growth over time. Investments assume a higher degree of risk — be it market risk, default risk, or illiquidity risk — to generate returns above a blended benchmark over a full market cycle. This category of the portfolio should be viewed with a longer-term investment horizon in mind. Typical investments include publicly traded global equities, real assets, private equity, venture capital, and infrastructure investments. This allocation will maintain market risk and could experience meaningful drawdowns in times of market stress. Returns will be driven primarily by capital appreciation. The biggest drivers of risk will likely be economic growth, corporate earnings, and market volatility.

CATALYTIC PORTFOLIO

TARGET: 5%
ALLOWABLE: 0-5%



The primary objective of the catalytic portfolio is to directly and meaningfully support work that will further the Foundation's mission with direct input from grantee partners and/or movement organizations. Investments in the catalytic portfolio have the potential for elevated risk and/or lower return when compared to investments in the growth portfolio and stability portfolio. Investments in the catalytic portfolio may lack certain preferred investment characteristics — market rates of return, regional diversity, liquidity, or track record — due to the prioritization of social and/or environmental impacts. However, preservation of principal is expected, and it's also expected that catalytic investments may become a part of the stability or growth portfolio over time.

Our goals-based framework is supported by the following portfolio characteristics:

	STABILITY PORTFOLIO	GROWTH PORTFOLIO	CATALYTIC PORTFOLIO
TIME FRAMES	*short*	*long*	*patient capital*
RISK TOLERANCE	*low*	*moderate to high*	*flexible capital*
LIQUIDITY NEEDS	*high*	*moderate*	*low*
VOLATILITY EXPECTATIONS	*low*	*moderate*	*low to high, variable*
RETURN EXPECTATIONS	*principal protection*	*capital appreciation*	*return of capital, positive return*

Additional Guidelines

The investment guidelines also adhere to the following practices:

- Assets will be diversified both by asset class (e.g., United States and global public equities, fixed-income investments, community-driven investments, and cash) and within each asset class.
- The investment advisor will not attempt to implement market timing. Instead, the advisor will be focused on long-term allocations and periodic rebalancing.
- The investment advisor will maintain low investment management fees including the use of values-aligned passive management where feasible. When active management is used, the expected performance results will be assessed on a net-of-fee basis with the expectation of outperformance to the most comparable market index available over a full market cycle.
- The Foundation's Investment Committee may authorize any additional programs and policies for alternative investment opportunities consistent with the Foundation's investment goals, mission, and values.

Assets will be allocated in accordance with target percentages proposed by the investment advisor and approved by the Investment Committee based on the investment goals outlined in this policy and within the stated ranges. See *Investment Selection Definitions and Guidelines* in Exhibit 3 for additional information.

MONITORING AND REPORTING STANDARDS

The Foundation's portfolio returns will be judged against a blended benchmark consisting of 65% MSCI All Country World Index and 35% Barclays US Aggregate Index. This benchmark is designed to reflect the risk profile of the portfolio expected to achieve the Foundation's long-term objectives. The actual asset allocation of the portfolio may deviate meaningfully from the benchmark.

We report and assess the impact and alignment of our investments using industry best practices, including an internationally recognized framework for tracking the progress towards solving pressing global social and environmental issues such as alignment with the United Nations Sustainable Development Goals (UN SDGs), the Impact Management Project (IMP), Net-Zero Asset Owner Alliance (NZAOA), and the Science Based Targets initiative (SBTi), among others.

We incorporate these frameworks into our approach, which also includes the Global Impact Investing Network's (GIIN) Impact Reporting Investment Standards (IRIS+). Our processes will continue to evolve as the tools to measure impact improve with time and impact data becomes available more widely. We will report social and environmental data, including carbon emissions associated with our investments. We will rely on partnerships with our underlying investment managers to measure not only outputs, but also outcomes.

We are committed to integrating racial and gender justice lenses into investment decision-making and engagement strategies such as reviewing our portfolio holdings across asset classes to identify investments that tackle systemic racism and promote workplace equity in staffing, management, boardroom representation, and along their supply chains. We establish time-bound goals to either engage with or divest from companies or issuers with practices or business relationships that further systemic racism or white supremacy or that enable state violence and criminalization that obstruct the goals towards racial, gender, economic, and/or environmental justice.

WE ARE COMMITTED TO INTEGRATING RACIAL AND GENDER JUSTICE LENSES INTO INVESTMENT DECISION-MAKING AND ENGAGEMENT STRATEGIES.

THE ROLE OF THE INVESTMENT ADVISOR

The Foundation's assets will be managed in a non-discretionary manner by an external investment advisory firm (the "investment advisor") selected by the Board of Directors and engaged to allocate the Foundation's investments. The investment advisor should have substantial experience in ESG and impact investing and demonstrated commitment to advancing social justice as an investment practice as well as institutionally. The Foundation will select an investment advisor based on the diversity of the investment team, management, and/or ownership of the firm. The Foundation will engage with the investment advisor to advocate and require diversity on their teams and in the investment managers and companies in which they invest. See the *Diverse Investment Manager Policy: Due Diligence 2.0 Commitment* in Exhibit 1 for a description of the statement.

THE FOUNDATION WILL ENGAGE WITH THE INVESTMENT ADVISOR TO ADVOCATE AND REQUIRE DIVERSITY ON THEIR TEAMS.

The Foundation will select an investment advisor to implement our goals for becoming a signatory to the Net-Zero Asset Owner Alliance, a commitment to transition our investment portfolios to net-zero greenhouse gas emissions by 2050. See the *Net-Zero Asset Owner Alliance Commitment Statement* in Exhibit 2 for additional information.

The investment advisor will be required to:

- exercise a high degree of professional care, skill, prudence, and diligence in the management of assets under their direction.
- act with fiduciary duty and always serve the best interest of the Foundation and not subordinate the Foundation's interest to their own.
- perform thorough professional analysis and judgment for the selection of all investments held in the portfolio.
- purchase and sell securities as appropriate.
- diversify investments by liquidity, credit quality, issuer, industry, geography, type, maturity, and duration. Other than pooled investment vehicles (e.g., mutual funds or ETFs) no individual security shall comprise more than 5% of the total portfolio.
- cooperate with the Foundation on voting shareholder proxies and other shareholder engagement activities when requested.
- align and advance commitments, such as the Confluence Belonging Pledge, to integrating equity-lens investing.
- fully comply with all provisions of any governmental rules, laws, regulations, and decisions thereunder pertaining to the management of assets for foundations.

The Board of Directors will monitor the Foundation's investment advisor for financial performance and adherence to the Foundation's investment policies at least three times a year. Issues to be addressed include:

- adherence to diversity, equity, and inclusion policies within the advisory investment firm, investment advisor's teams, and in the investment managers and companies in which they invest.
- year-to-date and cumulative performance of the accounts managed in comparison to relevant indexes.
- social research and interactions with portfolio companies, including shareholder activities.
- compliance with the Foundation's screens and values.
- effective transaction practice and transaction costs.
- asset allocation and market capitalization, rebalancing, risk, and standard deviation of the portfolio.

SUPPLEMENTAL MATERIALS

Exhibit 1

DIVERSE INVESTMENT MANAGER POLICY: DUE DILIGENCE 2.0 COMMITMENT

About Due Diligence 2.0

Due Diligence 2.0 Commitment makes the case for changing the methods by which asset managers are evaluated and selected. The Commitment is based on a framework developed by Rachel Robasciotti, Brent Kessel, Tracy Gray, and Erika Seth Davies with contributions from over a dozen Black, Indigenous, and people of color (BIPOC) asset managers. It offers a detailed roadmap for inclusive due diligence practices that are rooted in common sense and a commitment to breaking down the barriers facing BIPOC and women asset managers. Below is the Commitment in its entirety that has been signed by dozens of investment advisory firms.

Due Diligence 2.0 Commitment

Traditional due-diligence and risk-assessment frameworks in the asset management industry have led to a system in which white, male asset managers control 98.7% of the investment industry's $69 trillion in assets under management.[1]

Given society's pressing need to reduce systemic racial inequities in education, hiring, compensation, promotion, healthcare, environmental pollution, and mass incarceration, among many others, the asset owner's and advisor's most impactful potential contribution is to allocate more capital to BIPOC managers, communities, entrepreneurs, and stakeholders. Furthermore, by not actively allocating capital to BIPOC managers, there may be a loss of potential financial returns.[2] Fiduciaries are expected to act with prudence, which means "acting with or showing care and thought for the future"[3] "in the best interests of their clients."[4] Creating a substantially equivalent, but alternative due-diligence process that increases the flow of capital to BIPOC managers is consistent with the fiduciary responsibility of our organizations.

BIPOC asset managers consistently state that existing financial industry due diligence standards result in institutional assets continuing to be managed by the same firms, which are overwhelmingly white.[5] While asset allocators may have initial conversations

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1 Segal, Julie, "Asset Managers Owned by Women and Minorities Have to Work 10X as Hard for Assets," *Institutional Investor* (January 28, 2019).

2 Lyons-Padilla, Sarah, et al. "Race Influences Professional Investors' Financial Judgments," *Proceedings of the National Academy of Sciences of the United States of America* (August 27, 2019).

3 Oxford Dictionary, "Definition of Prudent," Oxford University Press via Lexico.com. (October 23, 2020).

4 "Commission Interpretation Regarding Standard of Conduct for Investment Advisers," United States Securities and Exchange Commission (July 12, 2019).

5 Morris, David, "Investment management is overwhelmingly dominated by white men — and it's costing you money," *Fortune* (June 19, 2020).

with many BIPOC managers, they are notably missing from institutional portfolios. Often BIPOC managers are eliminated from the selection pool based on historical industry standards for due diligence that reinforce existing social inequities.

To catalyze movement of capital to BIPOC managers, the undersigned asset owners, consultants, and financial intermediaries, on behalf of asset owners who value BIPOC manager inclusion, commit to making the following shifts in our due diligence processes:

1. ***Consider Track Record Alternatives***
   For newer strategies or products, instead of insisting on a specific minimum track record for the product, we will evaluate members of the investment and leadership team based on past experience, investment sourcing capabilities, domain expertise, as well as assess prior track records in related or relevant work, possibly including redacted representative separate account performance rather than requiring cost-prohibitive third-party assessments, as well as each individual's role in achieving previous results. To the extent the manager is using partner firms to complement their skillsets, the relevant experience and track records of said partners will be evaluated.

2. ***Expand What it Means to Work Together***
   Knowing that opportunities for individual investment managers to "work together" or "invest together" at existing asset management firms are few and far between for BIPOC managers, we will take into consideration the time individual investment managers have worked together while building the firm and in other organizations as substitutes to evaluate the stability of the partnership.

3. ***Reassess Assets Under Management as a Risk Metric***
   Instead of using manager assets under management as a proxy for the financial stability of a manager, we commit to evaluating a) the manager's history of operating effectively with lower than industry-standard budgets, b) growth momentum in assets under management (AUM), c) AUM growth in previous position(s) at prior firm(s), and d) what happens to the underlying investments in the event of firm insolvency.

4. ***Respect BIPOC Time***
   Reports from BIPOC managers conclude that while they have committed extensive time to due diligence conversations and formulating written responses to questions, very little capital has actually moved. Recognizing that time is the most precious commodity for BIPOC managers attempting to create financial products that address society's most intractable challenges, we will minimize requests for meeting time with managers and, if possible, convene group meetings in which managers can answer questions for multiple asset allocators at once. In addition, to relieve the often-onerous time burden associated with submitting RFIs and RFPs, we will condense, standardize, and/or support managers in completing these documents.

5. ***Contextualize Fees***
   Rather than eliminating BIPOC managers due to higher fees, we will compare the services being provided to peer managers (e.g., Does the BIPOC manager require more staff or outsourced partnerships to collect data from impacted communities?). Additionally, because higher fees are often correlated with lower assets under management, we commit to working with BIPOC managers to allow for initial high fees predicated on a manager projection for future fee reductions tied to fundraising success.

6. ***Include Historically Unrecognized Risks***
   To the extent we consider market inefficiencies or underpriced risks in our investment philosophy, we will endeavor to evaluate the potential risks and costs of BIPOC under-capitalization in our analysis. This could include the costs of social unrest, climate migration, sickness and productivity losses, and reduced government revenues from economic underperformance, among others.

7. ***Be Willing to Go First***
   We will consider being an anchor/seed investor or part of a first close (or in the case of a mutual fund or exchange-traded fund, at/near fund inception) rather than insisting on being in later closes. This contributes to fundraising momentum, and we agree to not require special terms such as lower fees in order to take this position.

8. ***Offer Transparency about Remaining Hurdles***
   If after the aforementioned revisions to our due diligence process, we still have specific minimum thresholds or deal-breakers, we will explicitly state these at the outset when circulating RFPs or RFIs to BIPOC managers. This way, if the manager finds them overly burdensome, they have the opportunity to invest their time in other capital raising opportunities.

9. ***Provide Detailed Feedback***
   If we choose not to invest with a BIPOC manager who has engaged in our alternative due diligence process, given our commitment to mutual learning, we will provide clear, specific, and timely feedback regarding the reasons for rejection.

It is our sincere intention that these alternative means of evaluating BIPOC managers will contribute to advancing the investment management industry's allocation of capital towards parity with national demographic representation.

Exhibit 2

NET-ZERO ASSET OWNER ALLIANCE COMMITMENT STATEMENT

About the Net-Zero Asset Owner Alliance

The **Net-Zero Asset Owner Alliance** started in New York in September 2019. The alliance resulted from a group of investors coming together to discuss how they could integrate the Paris Agreement across their portfolios. This new alliance set goals that placed it far ahead of other initiatives in the same climate field. Since its launch, the Net-Zero Asset Owner Alliance has quickly doubled in size and now unites thirty-three investors with assets totaling $5.4 trillion. Together, these investors have pledged to reach net-zero emissions by 2050, not just for their operations but across their entire asset portfolios and to help others do the same by identifying decarbonization pathways for strategically key, high-carbon sectors.

Alliance members are currently pursuing targets not for 2050, but rather for 2025. These targets are rooted in the latest climate science, as detailed in the Alliance's *Inaugural 2025 Target Setting Protocol*. This eighty-page document draws on the Intergovernmental Panel on Climate Change's (IPCC's) 1.5C scenarios, which lay out what must happen by 2040, by 2030, and by 2025 if global heating is to be kept to around 1.5C — generally seen as a cut-off point for some of the most severe impacts of climate breakdown, beyond which fierce heatwaves, rising seas, and ecosystem collapse are likely to accelerate across the planet, bringing with them potentially catastrophic economic and humanitarian impacts.

Our Commitment

By signing on to this Commitment, Noyes will state the following:

- The Noyes Foundation commits to transitioning its investment portfolios to net-zero greenhouse gas emissions by 2050, consistent with a maximum temperature rise of 1.5C above pre-industrial levels, taking into account the best available scientific knowledge, including the findings of the IPCC, and regularly reporting on progress, including establishing intermediate targets every five years in line with the Paris Agreement Article 4.9.

- In order to meet our fiduciary duty to manage risks and achieve target investment returns this Commitment must be embedded in a holistic ESG approach to managing sustainability considerations, incorporating but not limited to climate change, and must emphasize greenhouse gas emissions reduction outcomes in the real economy.

- The Noyes Foundation seeks to reach this Commitment, especially through advocating for, and engaging on, corporate and industry action as well as public policies for a low-carbon transition of economic sectors in line with science and under consideration of associated social impacts.
- This Commitment is made in the expectation that governments will follow through on their own commitments to ensure the objectives of the Paris Agreement are met.

Exhibit 3

INVESTMENT SELECTION DEFINITIONS AND GUIDELINES

The Foundation intends for its investments to strengthen progressive movements for social justice, particularly those for racial, gender, economic, and environmental justice. To that end, the Foundation has set forth the following investment screening guidelines.

Racial Justice

Investments intended to advance racial justice will aim to uproot systems that reinforce, perpetuate, and exacerbate racial inequities. Thus, the Foundation seeks to exclude companies that participate in, or benefit from, those unjust systems. This includes companies that are involved in the ownership, operation, management, and service of prisons and immigrant detention centers; provide or facilitate money bail services; participate in citizen and immigrant surveillance; operate for-profit colleges; are involved in state violence and human rights violations as a result of military occupations; fail to support Indigenous peoples' rights; or do not implement diversity, equity, and inclusion policies or programs to increase workforce diversity.

Gender Justice

Investments intended to advance gender justice will focus on ensuring safe and fair workplaces and opportunities for all people, regardless of their gender identity. Thus, the Foundation seeks to exclude companies with policies and practices that do not support gender equity or LGBTQ+ equality. This includes companies that support restricting reproductive rights, maintain policies that enable serial sexual harassment, fail to offer equal and fair employment opportunities to women and members of the LGBTQ+ community, or lack sufficient gender representation in senior leadership on the staff and board.

Economic Justice

Investments intended to advance economic justice will aim to create a fair and equitable financial future for all people and communities, with a focus on building pathways to greater economic security, inclusion, and mobility by promoting ownership, wealth, and asset-building for people in socially and economically excluded communities. Thus, the Foundation seeks to exclude companies that fail to deal fairly with the public or their employees. This includes companies that fail to pay a living wage or pay subminimum wages to employees or excessive executive wages, fail to ensure the elimination of forced labor and child labor in their supply chains, maintain poor working conditions, or provide predatory financial products and services.

Environmental Justice

Investments intended to advance environmental justice will align with the goals of environmental sustainability in partnership with social justice movements. Thus, the Foundation seeks to exclude companies that significantly contribute to climate and environmental inequities, lack environmentally sustainable practices, or negatively impact air and water quality. This includes companies that are involved in fossil fuel production, refinement, and extraction; fund the fossil fuel industry; engage in the most harmful aspects of extractive agriculture; engage in excessive energy usage; significantly contribute to deforestation; fail to effectively manage carbon emissions; engage in mining; fail to effectively manage waste; or generate significant air pollution or other environmental hazards, which disproportionately impact poor communities and people of color.

Additional Guidelines

The Foundation also wishes to screen its investments in alignment with a variety of causes that advance social justice and the well-being of people and the planet. Thus, the Foundation seeks to exclude companies that negatively impact animal welfare and human safety as well as companies that lack adequate corporate accountability. This includes companies that have poor animal welfare practices; produce or sell fur and leather products; engage in non-medical animal testing; produce, distribute, or derive substantial revenue from tobacco products; provide significant financial support to socially conservative institutions; fail to maintain adequate protection for customer data and security; have poor accounting, management, or other corporate governance practices; or produce products with a substantially negative social impact, including the manufacture or sale of weapons or firearms.