

Green America

Term Endowment Fund

Investment Policy Statement

Approved by: Green America Board of Directors

Updated: September 24, 2020

I. Mission, Philosophy, and Values

Mission

Green America harnesses economic power—the strength of consumers, investors, businesses, and the marketplace—to create a socially just and environmentally sustainable society.

Vision

We work for a world where all people have enough, where all communities are healthy and safe, and where the abundance of the Earth is preserved for all the generations to come.

What Makes Green America Unique:

- We focus on economic strategies—economic action to solve social and environmental problems.
- We mobilize people in their economic roles—as consumers, investors, workers, business leaders.
- We empower people to take personal *and* collective action
- We work on issues of social justice *and* environmental responsibility. We see these issues as completely linked in the quest for a sustainable world. It’s what we mean when we say “green.”
- We work to stop abusive practices *and* to create healthy, just, and sustainable practices.

Our democratically-constituted board is elected by our members from our consumer, business, and staff stakeholders. Green America operates as a collaborative workplace, where staff members reach consensus through participatory decision-making processes on key strategic issues for the organization.

The organization is a 501 (c) 3 public charity and not a private foundation.

II. Investment Philosophy and Beliefs

The following investment beliefs reflect Green America’s values and core beliefs and embody the key investment guideposts by which it wishes to operate the Green America Term Endowment Fund (“Fund”).

- Investments create the future and therefore the portfolio should contribute to Green America’s mission and be aligned with the organization’s values
- Portfolio is invested for the long term and the organization will evaluate its success with that timeframe in mind.
- In order to achieve Green America’s goals, it is necessary to take some risk
- Sustainability is both a portfolio risk mitigator and return enhancer

III. Statement of Purpose

The purpose of this Investment Policy Statement (IPS) is to guide the Green America Board of Directors, Endowment Committee, and Wealth Manager in effectively and prudently managing, monitoring, and evaluating the Green America Term Endowment Fund's investment portfolio. The investment portfolio consists of all funds managed by the Endowment Committee.

IV. Roles and Responsibilities

Board of Directors

The Board of Directors will have the following roles and responsibilities:

- Approve Investment Policy Statement (IPS)
- Review and approve the IPS and Portfolio at least annually
- Approve long term financial objectives
- Approve spending policy
- Delegate oversight of Investment Portfolio to Endowment Committee
- Hire, evaluate and terminate Wealth Manager
- Appoint and approve Endowment Committee members

Endowment Committee

Unless otherwise stated, investment policy and procedures are the responsibility of Endowment Committee. The Endowment Committee will:

- Recommend IPS and IPS adjustments to Board of Directors
- Present IPS to Board of Directors for review annually
- Hire, evaluate and terminate Wealth Manager. Develop and implement criteria for continuing the relationship with the wealth manager.
- Every three years, determine whether to bid or not to rebid the contract.
- Review, approve, or deny portfolio allocation changes
- Review, approve or deny hiring and termination of managers and funds
- Conduct financial performance review at a minimum yearly
- Conduct annual review of impact performance
- The Committee may delegate authority for approvals (e.g. discretionary management decision, engagement of third parties as needed, etc.)
- The Executive Team of the Endowment Committee will review and approve contracts with third parties related to the investment of the Fund.

Endowment Committee Executive Team

The Endowment Committee Executive Team will:

- Be appointed by the Endowment Committee
- Approve or deny Wealth Manager recommendations between Endowment Committee Meetings
- Sign contracts with third parties, approved by the Endowment Committee, as needed
- Make decisions based on majority
- Report decisions to the endowment committee

Wealth Manager

The Wealth Manager will work with the Endowment Committee and use best efforts to align the portfolio with Green America's mission and values and ensure compliance with the Investment Policy Statement. The wealth manager is responsible to:

- Guide the Endowment Committee through a disciplined and rigorous process to enable the Endowment Committee to meet its fiduciary and mission responsibilities.
- Make recommendations for investment policy to the Endowment Committee including investment strategy, asset allocation and manager and fund selection.
- Monitor the financial and impact performance and report to the Endowment Committee at a minimum annually.
- Select and terminate investment managers and funds upon approval of Endowment Committee, in addition to providing ongoing research of, investment managers and funds
- Report to Board and Endowment committee on any ownership or management changes.
- Annually sign disclosures regarding material changes to the firm (e.g., leadership, regulatory, litigation, etc.).
- The Wealth Manager will carry insurance in kind or amount as customary in the vendor's industry as appropriate with respect to the risks to which the vendor and its customer is exposed.

Investment Managers and Funds

The Fund's assets will be managed by professional investment managers that will invest in funds and separately managed accounts, not in direct investments in individual companies or entities, except with separate approval of the Board of Directors.

Custodian

The custodian is responsible for the safekeeping of the portfolio's assets. The specific duties and responsibilities of the custodian are:

- Value the public equity, fixed income and fund holdings;
- Collect all income and dividends owed to the portfolio from those investments;
- Settle all transactions (buy-sell orders)
- Provide monthly reports that detail transactions, cash flows, securities held and the current value, and change in value of each security and the overall Portfolio since the previous report.
- Cashiering

V. Legal, Regulatory and Ethical Issues

No investment may be made that would place in jeopardy Green America's tax-exempt status or cause Green America to incur penalty or excise taxes under the Internal Revenue Code.

Standards for Prudent Investing

The Board and Endowment Committee will ensure the Green America Term Endowment Fund is invested in an appropriately diversified portfolio and is responsible for setting overall, long-term investment guidelines, including asset allocation.

In investing and managing Green America's assets, the Board and the Endowment Committee will consider the charitable purposes of Green America and the purposes of the Fund and comply with the duty of loyalty and act in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. Management and investment decisions about an individual asset will be made in the context of Green America's assets *as a whole* and as part of an overall investment strategy with risk and return objectives reasonably suited to Green America's needs.

VI. Investment/Impact Goals

The portfolio has a minimum 30-year time horizon. It is expected that over the long term Green America is targeting a blended return sufficient to preserve capital through the term (30 years) and pay out up to 5% per year. The donor agreement allows for more than 5% of the portfolio value to be paid out only if such a request from Green America is approved in writing by the donors or their designated successors.

Green America's investment goal is to ensure the operating needs of the organization and to preserve the endowment corpus. The Fund's portfolio strategies will balance growth, income and capital preservation.

The Fund seeks to achieve a return that provides it with the ability to meet its regular payout on a yearly basis, which will vary yearly and will be up to 5% of the portfolio value. Under special circumstances, Green America may seek approval from the donors or their designated successors to withdraw more than 5% of the portfolio value with Board of Director approval.

In addition, the Fund will:

- Ensure a sufficient spending reserve with liquid low risk assets
- Diversify the portfolio across asset classes and strategies
- Maximize Social and Environmental Impact (*Please see Appendix B*)

Working with Green America, Veris will maintain a watch list of companies where there may be concerns over time regarding their social, environmental, and governance performance.

VII. Risk Management

The Board of Directors recognizes the challenges of achieving Green America's investment objectives in light of the uncertainties and complexities of capital markets. It also recognizes that it cannot achieve its long-term investment objectives without taking on some level of investment risk. The Board has considered Green America's ability to withstand short and intermediate term variability in its assets and concluded that Green America can tolerate a moderate degree of interim fluctuations in market values and rates of return in order to achieve its long-term objectives of preserving the purchasing power of its assets to support its operations over the long term. The portfolio will balance, growth, income, and capital preservation. This balanced strategy will seek to minimize fluctuations in market values. The standard deviation of the portfolio should not exceed that of the expected risk of a portfolio with the target asset allocation listed in Appendix A.

The portfolio will hold sufficient Risk-Controlled Assets to be able to payout its operating requirements over a 3-5-year period to enable Green America to not have to sell risk assets during market downturns.

VIII. Spending Policy

The spending level will be determined yearly by the Board of Directors upon recommendation of Green America's staff. The spending level will be up to 5% of the portfolio value. Under special circumstances Green America may seek to withdraw more than 5% of the portfolio value with Board of Director approval.

The spending policy amount will be calculated for any given year based on the prior year's ending calendar year market value.

Green America will seek to maintain low investment management fees and expenses and the Endowment Committee will review them on a yearly basis to ensure they are appropriate and reasonable in relation to the assets of the Fund, the purposes of Green America and the skills available to Green America.

IX. Due-Diligence Process

Each manager or fund will be evaluated for its ownership structure, operations, key persons, investment philosophy and process, performance, and ESG criteria and/or impact approach.

Selection Criteria for Investment Managers

Criteria will be established for each manager search undertaken by the Wealth Manager on behalf of Green America, and will be tailored to Green America's needs. In general, eligible managers will possess attributes including, but not limited to, the following:

- The firm must be experienced in managing money for institutional clients in the asset class/product category specified by Green America.
- The firm must display a record of stability in retaining and attracting qualified investment professionals, as well as a record of managing asset growth effectively, both in gaining and retaining clients.
- The firm must have an asset base sufficient to accommodate Green America's portfolio. In general, managers and funds should have at least \$75 million of discretionary institutional assets under management, and Green America's portfolio should make up no more than 10% of the firm's total asset base. Exceptions may be made on a case-by-case basis.
- No more than 10% at the time of the initial investment, of Green America's portfolio will be invested in first time emerging managers.
- The firm must demonstrate adherence to the investment style sought by Green America, and adherence to the firm's stated investment discipline.
- The firm's fees must be competitive with industry standards for the product category.
- Preference will be given to firms that are committed to diversity in its recruitment, retention and development of employees when appropriate and provide data on the diversity of its ownership and investment and management team when requested.
- The firm will be experienced in integrating positive environmental, social and governance criteria into security selection and/or demonstrate its social and environmental impacts.

Criteria for Investment Manager Termination

Green America reserves the right to terminate an investment manager for any reason.

Grounds for investment manager termination may include, but are not limited to, the following:

- Failure to comply with the guidelines agreed upon for management of Green America's portfolio, including holding restricted issues.
- Change in firm ownership, management or managers of the fund
- Failure to achieve performance objectives as specified in the manager's guidelines (if applicable).
- Significant deviation from manager's stated investment philosophy and/or process.
- Loss of key personnel.
- Evidence of illegal or unethical behavior by the investment management firm.
- Lack of willingness to cooperate with reasonable requests by Green America for information, meetings or other material related to its portfolios.
- Loss of confidence by the Endowment Committee in the investment manager.
- A change in Green America's asset allocation program that necessitates a shift of assets to a different investment style.

The presence of any one of these factors will be carefully reviewed by Green America, with the assistance of the Wealth manager, but will not necessarily result in an automatic termination.

X. Portfolio Monitoring and IPS Review

The portfolio will be reviewed at least yearly by the Endowment Committee.

The portfolio will be evaluated versus a composite financial benchmark chosen by the Wealth Manager, at least annually, reflecting the asset allocation of the portfolio. (Benchmark evaluated by Green America). Over a five year period, the portfolio will be evaluated on how well it achieves the goals of Green America. Each fund and manager will be evaluated versus their respective style benchmark chosen by the Wealth Manager.

Each Impact Manager will be expected to report on its impact metrics at least yearly. These will be reported along with the financial performance in the reviews with the Endowment Committee.

The Board will review the portfolio and the Investment Policy Statement at a minimum on an annual basis.

Revisions will be proposed by the Endowment Committee in consultation with the Wealth Manager. Exceptions to the policy will only be allowed with separate approval by the Board of Directors.

Appendix A

Strategic Asset Allocation - Targets and Ranges

The asset allocation that follows contains guideline percentages, at market value, of Green America's total assets to be invested in various asset classes. Actual allocations may deviate from guideline percentages at any specific period in time due to market conditions, including the gradual implementation of the Portfolio.

Asset Allocation Targets and Allowable Ranges

Asset Class	Target	Range
Cash	5%	0-10%
Fixed Income	35%	20-55%
Equity	55%	40-70%
Alternatives	5%	0-10%
Total	100%	

Benchmarks will be chosen by the Wealth Manager and reviewed by the Endowment Committee for each investment reflecting the asset class and style of the fund or manager.

A composite benchmark will be constructed reflecting the overall portfolio allocation. The benchmark will be constructed using standard cash, fixed income, equity and alternative indices.

Appendix B

Impact Guidelines

The Board has established impact guidelines for the portfolio reflecting the mission of Green America. Exclusionary screens will be applied on a “best efforts” basis and only applied to separately managed accounts. The Endowment Committee and Wealth manager will seek out mutual funds, ETFs, or private funds meeting as many of the exclusionary screens as possible.

Impact Priorities

- Climate, renewal energy, and sustainable agriculture – we view this as a unified strategy
- Human rights, fair labor, and racial justice
- Community wealth building and financial inclusion and anti-racism initiatives

Exclusionary Screens:

Strict Avoidance

- Firearm producers
- Private prisons
- Fur
- Military weapons
- Nuclear power
- Fossil fuels, including the entire fossil fuel energy sector and major banks financing the fossil fuel sector
- Predatory lending and products/services
- Mining industry
- GMOs

Avoidance:

- Alcohol
- Gambling
- Adult Entertainment
- Tobacco
- Treasuries (limit exposure)
- Animal testing

Industry/company-specific exclusions:

- Mining companies
- Agri-chemical companies
- Select firearm distributors
- From time to time individual companies will be excluded upon review of separately managed account holdings at the Endowment Committee discretion

Shareholder Advocacy:

1. Select managers and funds that vote proxies in accordance with Environmental, Social and Governance guidelines based on the Impact Guidelines
2. Participate in select shareholder engagements including co-filing and filing where appropriate
3. Some securities that do not meet the guidelines may be held for shareholder engagement efforts

Appendix C

Glossary

Wealth Manager

Hired by the Board of Directors to oversee the investment policy, allocates the portfolio assets to managers and funds, evaluates the financial and impact performance of the overall portfolio and individual managers and funds. Reports to the Endowment Committee and the Board of Directors.

Investment Manager/Fund Manager

Recommended by the Wealth Manager and hired by the Endowment Committee to manage a portion of the Endowment Assets.

Asset Class

An asset class is a group of securities that exhibit similar characteristics. The main asset classes are equities (stocks), fixed income (bonds), cash or cash equivalents (money markets), private equity, and real assets (real estate, timber).

Asset Allocation

Asset Allocation is the implementation of an investment strategy that balances risk and reward by adjusting the percentage of each asset in an investment portfolio based on investor goals, time frame and risk tolerance.

Risk Asset

A risk asset is an asset class that exhibit significant volatility. These would include stocks, private equity, real estate, and some fixed income (high yield, long term bonds).

Risk-Controlled Assets

A risk-controlled asset is an asset class that has low volatility and is easily sold. These would include, cash, cash equivalents (money market), short to intermediate term investment grade fixed income.

Standard Deviation

Standard Deviation is a measure used to quantify the amount of variation or dispersion of a data set.

Benchmark

Benchmark is a standard against which the performance of an investment account, investment manager, or fund can be measured. The Standard and Poor's 500 is an example of a benchmark.

Liquid Asset

A liquid asset is an asset that be bought or sold and converted into cash quickly with minimal impact to the price in the open market.

Illiquid Asset

An illiquid asset is an asset that cannot be sold quickly in the market either due to a shortage of interested buyers or lack of a market for the asset. Examples of illiquid assets are real estate and private equity funds.

Direct Investment

A direct investment refers to private investments only (not public securities.)