

Investment Policy
for
World Resources Institute (“WRI”)

Revised October, 2020

Adopted June, 2019

Introduction

The purpose of this Investment Policy (this “Policy”) is to provide guidelines for the prudent management of WRI’s investments (the “Portfolio”). It is intended to assist WRI’s Board of Directors (the “Board”) in supervising and monitoring the Portfolio. A principal goal of this Policy is to ensure the creation and implementation of a sound long-term investment strategy. The Policy defines WRI’s investment objectives and the responsibilities of and standards applicable to those involved in the investment and management of the Portfolio.

This Policy is not intended to constitute a legally binding agreement between WRI and Investment Advisor or Investment Manager(s). Any agreement with Investment Advisor or Investment Manager(s) with respect to the Policy would be pursuant to a separate, written agreement with such party. It is recognized that from time to time the Board’s attitudes, expectations and objectives may change. Therefore, this Policy is intended to be used as a guideline rather than a rigid statement of policy from which there can be no deviation. This Policy is intended to be a summary of an investment philosophy and the procedures that provide guidance for WRI, the Board, Finance and Investment Committee, Investment Advisor/OCIO (Outsourced Chief Investment Officer), and Investment Manager(s).

WRI’s Mission and Portfolio

WRI was established in 1982 as a non-profit corporation under the laws of the State of Delaware and is governed by the Board. WRI has been recognized by the Internal Revenue Service as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) and is classified as a public charity. WRI’s mission is to move human society to live in ways that protect earth’s environment and its capacity to provide for the needs and aspirations of current and future generations. The Portfolio consists of 3 components, the first two of which comprise the Long Term Pool: (1) \$25.1M of Permanent Endowment primarily emanating from the original endowment gift to WRI from MacArthur in the early 1980’s, plus inception to date earnings on those funds; (2) Board Designated Working Capital Reserve derived from funds that the Board placed in the investment portfolio from working capital in the 1990s to enhance returns. This serves as a form of reserve that WRI can use with Board Approval. The third component: (3) Working Capital or cash draws that were authorized by the Board, recorded as revenue, but where investments were not converted to cash and withdrawn. For simplicity in managing WRI’s portfolio, this investment policy statement refers to two types of funds: (a) funds that are intended to be used for short-term operating and program expenses (the “Operating & Program Fund”); and (b) reserve funds which are funds to support WRI’s future operations, serve as a resource during economic downturns and provide an additional source of support for WRI (the “Reserve Fund”). The Portfolio is designed to ensure long-term financial security to WRI and to provide a source of funding for WRI’s activities, programs, and operating expenses.

Investment Objectives

WRI’s investment objectives are to safeguard and preserve the real purchasing power of the Portfolio while earning investment returns that are commensurate with WRI’s risk tolerance and sufficient to meet its operational requirements. WRI is integrating environmental, social, and governance (ESG), as well as impact into its endowment because it believes this approach will maximize long-term risk-adjusted returns. WRI recognizes that these efforts can, in many cases,

bring additional benefits of mission alignment, programmatic learning, and practical experience to inform an actionable model for other investors to emulate.

WRI is a long-term investor and understands that sustainability risks and opportunities are material and directly impact business profitability over the long-term. WRI believes that companies that proactively manage their ESG performance are best positioned to survive – and thrive – in a resource-constrained world. Given these beliefs, WRI aims to invest its Portfolio in a prudent manner that achieves a market return while incorporating ESG factors, both risks and opportunities. This includes taking a holistic approach to managing climate-related risks and opportunities across the entire Portfolio, which is further outlined in WRI's [Climate Change Investment Statement](#) (CCIS).

WRI's investment strategy for the Portfolio is guided by the following sustainable investment objectives:

- Reduce exposure to ESG risks through passive strategies;
- Drive value creation through active managers with strong competency for ESG integration;
- Allocate capital to solutions and capture growth opportunities through private market investments with measurable positive impacts.

As a supplement to this IPS, the CCIS elaborates on WRI's efforts to integrate climate-related factors as part of the sustainable investment approach outlined in this document. It explains why and how WRI seeks to align its Portfolio with the goals of the Paris Agreement.

WRI hopes that its approach will help maintain – and, over time, grow – the institution's financial resources, which provide critical support to carry out WRI's mission. WRI is also committed to using WRI's investment experience, data, research, and convening power to advance sustainable investing in the mainstream investor marketplace. By developing solutions that incorporate sustainability and a high level of rigor and financial standards, WRI will be best positioned to provide an actionable model for other investors. WRI recognizes that analyzing and transitioning an entire portfolio to incorporate sustainability takes time and is not immediate. WRI is committed to finding, over time, high quality investment options that fit both its sustainable investment objectives and its financial objectives. It also recognizes that some asset classes and sub-asset classes may take longer to invest in a sustainable manner.

The specific investment objectives for the Operating and Program Fund and the Reserve Fund are set forth below.

Operating & Program Fund

The Operating & Program Fund shall be invested in two pools with the objective of preserving assets to cover WRI's operating expenses and to realize earnings in a way that allows for immediate liquidity to meet WRI's ongoing programmatic and operational needs. Operating & Program Fund assets that are invested for primary liquidity may be maintained in the checking account that WRI uses for day-to-day operations and may be invested in other cash-equivalent investments, such as savings accounts, money market accounts, certificates of deposit with maturities appropriate for expected needs, Treasury bills, investment grade fixed income and other investments that are relatively easy to liquefy. Operating & Program Fund assets that are invested for secondary liquidity may be invested in the same assets as the primary liquidity assets and also short term investment grade fixed income instruments.

Reserve Fund

The Reserve Fund consists of the Board Designated Operating Reserve Pool and the Long Term Pool. Assets in the Reserve Fund shall be invested with the objective of preserving the long-term real purchasing power of the Reserve Fund's assets while seeking an appropriate level of investment return. More specifically, WRI's investment objectives and constraints for each of the pools in the Reserve Fund include the following:

- Preservation of Purchasing Power. WRI aims to at least preserve the real purchasing power of its assets over time by seeking returns on its investments that are in excess of the spending rate (described below) and the rate of inflation.
- Long-Term Growth. WRI seeks to achieve growth in its assets in excess of inflation by emphasizing long-term investment fundamentals in structuring its investments.
- Time Horizon. WRI intends to invest for the long-term, with the total return on the Portfolio evaluated on a five-year rolling basis. It is recognized that not every five-year period will meet WRI's objectives, but WRI aims to attain its objectives over a series of five-year periods. WRI will monitor shorter-term investment results and trends while focusing on long-term results.
- Risk Tolerance. WRI seeks to control risk and reduce the volatility in its Portfolio through diversification. However, short-term volatility is characteristic of the securities markets and will be tolerated if such volatility is consistent with the volatility of similar investment portfolios (such as the volatility of performance benchmarks, described below). WRI recognizes and acknowledges that some risk must be assumed in order to achieve the long-term investment objectives of the Portfolio. In establishing its risk tolerance, WRI's ability to withstand short- and intermediate-term variability as well as the statistical probability of loss for a given period of time for the Portfolio is evaluated by the Finance and Investment Committee.
- Liquidity Requirements. WRI seeks to maintain adequate liquidity to meet its obligations. The Board or the Finance and Investment Committee will inform the Investment Advisor/OCIO (as defined below) of any anticipated need for liquidity as such need becomes known. The Investment Advisor/OCIO will presume no liquidity needs other than those provided by this Policy or the Board or the Finance and Investment Committee.

Responsibilities

The Board, or such members of the Board as so designated, has responsibility for investing and managing the Portfolio as well as the responsibility for establishing and modifying this Policy, including establishing the asset allocation for the Portfolio. The Board has delegated to the Finance and Investment Committee these responsibilities.

The Finance and Investment Committee, WRI's designated staff, WRI's investment advisor (the "Investment Advisor" or "OCIO/Outsourced Chief Investment Officer"), and the investment managers (the "Investment Managers") are charged with implementing this Policy. Their respective responsibilities are set forth below.

Finance and Investment Committee

The Finance and Investment Committee is responsible for:

- Establishing, reviewing periodically, and modifying this Policy and its appendices from time to time, and reporting any changes to the Board.
- Setting the asset allocation targets and ranges for the Portfolio, and modifying them from time to time.
- Implementing this Policy, with input from WRI staff and the Investment Advisor.
- Overseeing the Portfolio's assets and reporting on the status of the Portfolio to the Board at least two times a year.
- Engaging the Investment Advisor to assist the Finance and Investment Committee in carrying out its investment responsibilities and to implement the investment strategy and decisions of the Finance and Investment Committee.
- Continuing or terminating the Investment Advisor and monitoring its performance.
- Monitoring the fees and other expenses associated with the management and administration of the Portfolio.

Investment Advisor

The Investment Advisor is responsible for:

- Assisting with the definition of investment and sustainability impact goals.
- Monitoring the investment environment and regularly communicating with the Finance and Investment Committee concerning issues that may impact the Portfolio.
- Guiding the Finance and Investment Committee with respect to the strategic asset allocation.
- Setting and implementing any tactical strategy that seeks to take advantage of market dislocations (*i.e.*, underweight/overweight specific sectors).
- Implementing rebalancing on a periodic basis or when otherwise appropriate.
- Implementing the Portfolio's asset allocation through the selection, continuation, and termination of Investment Managers based on an evaluation of ESG / impact.
- Selecting, continuing, or terminating Investment Managers based on appropriate criteria, including the following: investment philosophy, historical performance, experience of key personnel, compliance with this Policy (including sustainability performance), and financial viability or changes in these factors. The manager selection and evaluation process will focus on the ability of the Investment Manager to achieve market returns and move towards core competencies in integrating ESG factors. In selecting each Investment Manager, the Investment Advisor will take reasonable measures to assess the independence of the Investment Manager, including any conflicts of interest that the Investment Manager may have. (This Investment Manager selection responsibility also includes the ongoing monitoring of the Investment Managers for adherence to this Policy and his, her, or its stated investment strategy.)
- Educating WRI Board and Staff about changes in ESG and Investment Best practices, ensuring WRI is following best practices.
- Reviewing Investment Managers, establishing the scope and terms of the delegation to Investment Managers, and monitoring their performance and compliance with the scope and terms of the delegation.

- Monitoring, analyzing the performance of, and recommending performance benchmarks for each Investment Manager, and including an ESG/Impact assessment.
- Preparing investment reports at least quarterly for the Finance and Investment Committee's review that contain the information necessary for the Finance and Investment Committee to exercise its judgment and carry out its investment responsibilities prudently.
- Preparing impact assessments at least annually for the Finance and Investment Committee's review.
- Attending meetings in person or by telephone conference with the Finance and Investment Committee and WRI's staff as requested.
- Providing necessary information to and cooperating with the Finance and Investment Committee, WRI staff, and WRI's external auditors.
- Providing feedback regarding changes to this Policy when requested by the Board or the Finance and Investment Committee and proposing corresponding amendments to the relevant account documents, if necessary.

Investment Managers

Each Investment Manager is responsible for:

- Adhering to the investment strategy for which the Investment Manager was selected.
- Acting in accordance with the standard of care and restrictions on investment management set forth in this Policy.
- Preparing quarterly written statements, including a summary of the actions taken with respect to WRI's assets under management.
- To the extent that the Investment Manager is authorized and directed by the Investment Advisor, voting all proxies for WRI's securities.
- Taking reasonable steps to promptly communicate significant changes in the Investment Manager's firm to the Investment Advisor, including: changes in senior management or high-level personnel; changes in the Investment Manager's ownership; and changes in the Investment Manager's investment strategy and/or style.
- Taking reasonable steps to promptly report to the Investment Advisor any material violation of this Policy, and any material adverse determinations against the firm or its principals, either by a court, the Securities Exchange Commission, or any other regulatory authority.

WRI Staff

WRI staff is responsible for assisting the Finance and Investment Committee with all components of this Policy, including coordination of outside professionals involved in supporting the investment and management of the Portfolio.

The CFO of WRI is responsible for:

- Performing regular monitoring of the Investment Advisor and the Investment Managers, as necessary.
- Monitoring general compliance with this Policy and recommending to the Finance and Investment Committee changes and modifications, if necessary.
- Responding to requests from the Finance and Investment Committee for assistance and the performance of due diligence.

- Providing information to the Finance and Investment Committee as needed so that the Finance and Investment Committee can set asset allocation targets.
- Recommending to the Finance and Investment Committee whether to engage, continue with, or terminate the Investment Advisor and other consultants, and performing related due diligence.
- Providing information to the Investment Advisor so that the Investment Advisor can, make rebalancing decisions, determine asset class structure, and evaluate, select, continue, and terminate Investment Managers.
- Recommending to the Investment Advisor whether to engage, continue with, or terminate Investment Managers.
- Reconciling transactions and reports with the Investment Advisor.

The Head of Sustainable Investing is responsible for:

- Working closely with the Investment Advisor to evaluate sustainability criteria in the portfolio, to account for long-term sustainability risks and opportunities relevant to all asset owners.
- Working with the Investment Advisor to report, as appropriate, the sustainability impacts of the portfolio with clear metrics and reports.
- Working with the Investment Advisor to conduct quantitative analyses related to sustainability of portfolio, as required.
- Serving as a resource for the Investment Advisor to foster market-wide ESG investing.

Restrictions on Investments

- All purchases of securities must be for cash and there will be limited short term leveraged purchasing or margin transactions except for pooled investment vehicles.
- No short sales.
- Any investment that has the potential for generating unrelated business taxable income (UBTI) shall require prior approval of the Finance and Investment Committee.
- Prior to making any allocations to mutual funds managed by Goldman Sachs Asset Management or to separately managed accounts directly managed by Goldman Sachs, Investment Advisor will use its best efforts to obtain WRI's prior approval.
- WRI's goal is to invest the Portfolio 100% fossil fuel free by excluding equity and fixed income investments in the exploration, drilling, refining, or production of oil, natural gas and coal. These exclusions are to be applied to the underlying holdings of any investments in commingled vehicles such as mutual funds or LLC structures.

Guidelines on Prudent Investing

Standard of Care

Each person responsible for managing and investing WRI's assets will do so in good faith with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and will consider both the purposes of WRI and the goals of the Portfolio including mission-related goals, as applicable.

A person with special skills or expertise, or selected in reliance upon his or her representation that he or she has special skills or expertise, will use those skills or that expertise in managing and investing WRI's Portfolio.

In managing the Portfolio, WRI will incur only those costs that are appropriate and reasonable in relation to the Portfolio, the purposes of WRI, and the skills available to WRI. WRI will use reasonable efforts to verify facts relevant to the management and investment of the Portfolio.

Prudence Considerations

In managing and investing the Portfolio, the following factors, if relevant, will be considered:

- general economic conditions;
- the possible effect of inflation or deflation;
- integration of environmental, social, governance (ESG), and impact;
- the expected tax consequences, if any, of investment decisions or strategies;
- the role that each investment or course of action plays within the overall Portfolio;
- the expected total return from income and the appreciation of investments;
- other resources of WRI;
- the needs of WRI and of particular funds in the Portfolio to make distributions and to preserve capital;
- an asset's special relationship or special value, if any, to the purpose of WRI;
- the requirement of diversification;
- liquidity considerations;
- the impact of management or administration costs; and
- risk management.

Management and investment decisions about an individual asset will be made not in isolation but rather in the context of the Portfolio as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the Portfolio and WRI.

WRI will diversify the assets in the Portfolio unless it prudently determines that, because of special circumstances, the Portfolio is better served without such diversification.

Delegation Standards

The Finance and Investment Committee will delegate to the Investment Advisor the management and investment of the Portfolio to the extent that it can prudently delegate under the circumstances, and will act in accordance with the standard of care described above in selecting, continuing, or terminating the Investment Advisor, establishing the scope and terms of the

delegation, and monitoring the Investment Advisor's performance and compliance with the scope and terms of the delegation.

The Finance and Investment Committee will take reasonable measures to assess the independence of the Investment Advisor, both before and after the Investment Advisor is engaged. Investment Advisors will be selected based on competence, experience, past performance, and proposed compensation, without regard to business or personal relationships. Any actual or potential conflicts of interest possessed by a member of the Board or the Finance and Investment Committee must be disclosed and resolved in accordance with the Foundation's conflict of interest policy.

It is the policy of the Board to avoid conflicts of interest in its operations and in the selection of investment managers or funds. Therefore, administrative officers of WRI or Board/Finance and Finance and Investment Committee members shall disclose any financial relationship with any manager being considered.

Additionally, WRI has a policy not to directly invest in a fund, where at the time of our initial investment commitment, a Board member owns a dominant or controlling interest in the fund, investment vehicle, or investment product. Investments in a Board member's fund that are independently made by fund of fund managers after WRI's initial investment commitment, without input from or consultation with WRI, are not prohibited by this policy.

Spending Policy

[WRI's spending policy is consistent with its investment objective of achieving long-term real growth in its assets. In order to achieve such long-term real growth, WRI's expenditures should be less than WRI's total inflation-adjusted return on investments. The Board will establish an annual spending policy which is consistent with WRI's long-term investment objectives. Consistent with WRI's long-term investment objectives, WRI's current spending policy is to multiply 4.5% times the preceding rolling 12-quarter average market value of the Portfolio.

Asset Allocation

The Finance and Investment Committee will establish in writing WRI's asset allocation, including minimum and maximum allocations for each asset class in the Portfolio, and will modify it from time to time, with recommendations from the Investment Advisor. The asset allocation in effect at the current time for each of the pools in the Reserve Fund is attached on Exhibit A.

The Finance and Investment Committee will seek to achieve a diversified Portfolio, unless it prudently determines that, because of special circumstances, the Portfolio or a particular fund or funds within the Portfolio are better served without diversification.

Rebalancing and Cash Flows

The Finance and Investment Committee and/or the Investment Advisor, as the case may be, should consider rebalancing at least once a quarter or more frequently, if necessary (e.g., large market moves). Rebalancing of the Portfolio may be delayed if, for example, prevailing market conditions are such that rebalancing may be detrimental to WRI's long-term goals for the Portfolio.

The Finance and Investment Committee will identify the destination of all cash flows, including additional contributions to WRI's assets, consistent with this Policy. WRI's net cash flows may be used to implement the rebalancing activities in order to minimize transaction costs.

Performance Benchmarks and Goals

Performance benchmarks are used by the Finance and Investment Committee to properly measure and evaluate the success of the Investment Advisor and the Investment Managers. The performance benchmarks selected by the Finance and Investment Committee (with recommendations from the Investment Advisor) should be representative of WRI's long-term return objectives and risk tolerance and be calculated over the same time period as the returns on the Portfolio with which the performance benchmark is being compared. These performance benchmarks are intended as targets only and are no guarantee or assurance of the performance of any investment or of the Portfolio. In addition, the Finance and Investment Committee will annually review the overall progress of the Portfolio towards meeting ESG and impact goals based on qualitative and quantitative metrics developed with the Investment Advisor.

Reporting and Oversight

The Finance and Investment Committee will meet at least quarterly to review the reports of the Investment Advisor and the Investment Managers, and to evaluate the performance of the Portfolio and adherence by the Investment Advisor and the Investment Managers to this Policy. The performance of the Portfolio will be measured relative to appropriate and agreed upon performance benchmarks/goals (described above). The Finance and Investment Committee will also make periodic reports to the Board regarding WRI's investment performance.

Revisions

The Finance and Investment Committee will review this Policy periodically and recommend revisions to the Board for approval as needed. In conducting such review, the Finance and Investment Committee may consult with the Investment Advisor regarding the performance of WRI's investments, the current asset allocation, WRI's overall investment strategy, general economic and market conditions, and any other relevant information that may bear on this Policy.

EXHIBIT A

Asset Allocation for the Board Designated Operating Reserve Pool

Asset Class / Subasset Class	Lower Limit	Target Allocation	Upper Limit
Investment Grade Fixed Income	25.0%	49.7%	60.0%
US Equity	15.0%	32.7%	40.0%
Non-US Equity	10.0%	17.6%	25.0%

Asset Allocation for the Long Term Pool

Asset Class / Subasset Class	Lower Limit	Target Allocation	Upper Limit
Investment Grade Fixed Income	25.0%	33.6%	60.0%
US Equity	15.0%	33.6%	40.0%
Non-US Equity	10.0%	17.8%	25.0%
Private Equity and Other Private Assets	0.0%	15.0%	22.5%