

NORTH CAROLINA AGRICULTURAL & TECHNICAL STATE UNIVERSITY

NORTH CAROLINA A&T INVESTMENT FOUNDATION, INC

IMPACT INVESTMENT POLICY STATEMENT

General statement:

Impact investing is emerging as the next frontier in social awareness. It is a more active step than guidelines about environmental, societal, and governance (ESG) issues or a socially responsible investing policy (SRI). ESG and SRI policies often describe what not to do, whereas impact investing seeks investment opportunities. It contributes to a more just, sustainable, and peaceful world. It goes beyond avoiding “doing bad” and tries to “do good.” The Endowment Committee at North Carolina Agricultural & Technical State University and the Board of Directors of the North Carolina A&T Investment Foundation, Inc. (referred collectively as the “Investment Foundation”) believe that doing good and investing are not mutually exclusive. We therefore strive to do both.

Beliefs:

The Investment Foundation believes in a grassroots approach, addressing systemic societal problems through cross-sectoral partnerships and innovative solutions. We are committed to taking measured risks and challenging the status quo to achieve significant impact.

The purpose of this Policy is to document the Investment Foundation’s objectives and guidelines for the successful integration of Impact Investments.

A: Purpose:

This Impact Investment Policy Statement (“the Policy”) sets forth the principles and guidelines for the prudent management of the Investment Foundation that will be used for impact investing. This Policy shall remain in effect until modified as conditions warrant by the Investment Foundation Board of Directors and the North Carolina A&T Investment Foundation Board of Directors (referred collectively as “the Board”).

B. Scope:

This Policy applies to invested assets that have been put aside specifically for impact investing, for which the Board has discretionary authority.

C. Investment Objective:

The primary financial objective of the endowment is to provide funds for the current and future support of the operations of the University and its Associated Entities for its programs and operations while creating a positive impact in the process.

D. Management and Investment Guidelines:

These guidelines are consistent with prudent investor standards as well as the standards in accordance with the Investment Foundation and the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

The Foundation shall diversify the investments unless the it prudently determines that, because of special circumstances, the purposes of the funds are better served without diversification.

E. Impact Investment Policy Statement Review

The Impact Investment Policy Statement may be altered or amended at any time by the Investment Foundation, but shall be formally reviewed periodically to determine whether modifications are necessary.

F. Description of Roles

The Investment Foundation is charged with the responsibility for directing the impact investments according to this Policy. The Investment Foundation Board Members (Board Members) shall discharge their duties solely in the interests of the Investment Foundation, in good faith, and with the care an ordinary prudent person in a like position would exercise under similar circumstances. In addition, the Board Members agree to refuse any remuneration, commission, gift, favor, service or benefit that might tend to influence them in the discharge of their duties or shall recuse themselves from voting when such a conflict arises.

G. Investment Risk

The Investment Foundation recognizes that the endowment and other invested assets are subject to various sources of risk, including, but not limited to: investment risk (volatility in assets), geopolitical risk, liquidity risk, shortfalls in the annual distribution relative to the University's budget (spending rate risk).

Risk Tolerance return volatility is reduced through asset class diversification and monitored on an ongoing basis by comparison to the target asset allocation and the portfolio benchmark. The Investment Foundation recognizes and acknowledges that some risk must be assumed in order to achieve long-term investment objectives, and that there are uncertainties and complexities associated with investment markets. The Investment Foundation's strategic asset allocation seeks to avoid significant total portfolio declines that would impair achievement of long-term return objectives, with the expectation that return fluctuations will fall within an acceptable range in normal market conditions.

Philanthropic Advisor –

The Investment Foundation may engage a Philanthropic Advisor to review the various aspects of the Impact Investing with a particular emphasis on definition and measurement.

The primary responsibilities of the Philanthropic Advisor are to:

- Support impact assessment and evaluation in due diligence and reporting process
- Propose Impact Investments for consideration
- Identify potential collaboration efforts with peers and networks to enhance and leverage impact investment activities of the Investment Foundation
- Serve as an additional resource to future the Investment Foundation trustees

H. Impact Investment Targets

The Investment Foundation seeks to invest from 0% to 25% of its assets in impact investments. Investments asset allocations may include the following:

Global Public Equity

Domestic Equity

International Developed Emerging Markets Private Equity

Flexible Capital

Equity Long/Short Credit/Event Driven Inflation Hedging

Real Estate

Fixed Income

Domestic Fixed Income

Global Fixed Income

Cash and Equivalents

Cash Money Markets

Demand Deposit and

Time Deposits (CD's)

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