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INVESTMENT POLICY STATEMENT.

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OUR VISION

We envision a more inclusive and pluralist Canada where our differences are valued and engaged, and everyone has an equal opportunity to thrive both socially and economically.

OUR MISSION

We work to promote inclusion and pluralism through media and arts, support for young change leaders and impact investing – specifically addressing discrimination based on ethnicity, race and religion.

INSPIRIT FOUNDATION'S INVESTMENT POLICY STATEMENT (IPS) GOVERNS THE ALLOCATION OF OUR ASSETS.

At Inspirit we are committed to a 100% impact portfolio, with the goal of leveraging our full asset base for financial returns and positive social and environmental impact.

For many, impact investing is a financial tool with social considerations. For us, it is a commitment to a 100% impact portfolio where every investment is activated for positive impact, an imperative to creating the systemic change needed to realize our vision: a more inclusive and pluralist society where our differences are valued and engaged, and everyone has an equal opportunity to thrive both socially and economically.

[Fully Committed: Our Roadmap Towards a 100% Impact Portfolio](#) articulates our goals and principles for impact investing. Our IPS charts the path to achieving those goals by providing direction for the prudent management of Inspirit's assets. It identifies key factors and processes informing investment decisions related to our assets while providing a set of written guidelines for managing these investments to fulfill our financial and vision-related goals.

This IPS reflects our current strategy and operational needs and is subject to change when necessary. As such, we will revisit this IPS regularly - at least annually and more often if there are significant market events or strategic shifts to Inspirit's priorities.

ORGANIZATIONAL VISION

In order to best create the change required to achieve Inspirit's vision, we cannot rely on grantmaking alone. Instead, we must use all the tools and strategies available to us, including grant capital and investment capital, to activate our entire asset base and further our organizational vision.

Inspirit is committed to a portfolio where every investment generates a combination of financial returns and positive impact, which we define as outcomes directly contributing to our vision for a more inclusive and pluralist society.

This vision is the anchor for our IPS, making impact outcomes a key factor in how we assess each investment opportunity. Our IPS lays the foundation for us to align our assets with our vision, optimizing for both risk-adjusted financial returns and risk-adjusted positive impact.

FIDUCIARY DUTY

Inspirit is a prudent investor, as outlined in the Trustee Act of Ontario.¹ Inspirit's Board of Directors has a fiduciary duty to Inspirit. This includes careful stewardship of our assets beyond a duty of care for financial performance. It is the intent of the Board of Directors to optimize our investments for both risk-adjusted financial returns and risk-adjusted positive impact. Investing for positive impact has been consistently linked to stronger long-term financial results compared to investing without regard for the socio-economic or environmental impact performance of investments.²

The corollary is that considering this impact within our investment decision process is a standard of responsible fiduciary duty for our Board of Directors. If done prudently, impact investing can mitigate performance volatility by excluding investments with poor environmental, social, and governance records and by allocating capital to the top performers along those metrics.³ Companies with environmental, social, and governance breaches or controversies tend to be more volatile and underperform.⁴ By screening out companies with egregious breaches or controversies, and allocating capital to best-in-class performing companies, risk is mitigated and performance becomes less volatile.⁵

Our approach to investing also increases allocations to companies with high levels of revenue exposure to products and services that address basic human necessities and climate change.⁶ Our expectation, based on historical and simulated data, is that companies focused on industries that provide solutions to our world's most pressing problems will be better positioned for long-term financial success than companies that have neutral or negative effects.⁷

TAX STATUS

Inspirit will comply with the requirements of the Canada Revenue Agency (CRA) to ensure that we remain a non-taxable entity under Canadian law.

TIME HORIZON

The Board of Directors intends for Inspirit to have a long-term investment horizon with the goal of optimizing both risk-adjusted financial returns and risk-adjusted positive impact. Our Board of Directors assumes Inspirit will operate into perpetuity, on condition that this aspiration does not obstruct our ability to fulfill our mission and vision. The assumption of operating into perpetuity will be reviewed regularly and is subject to change if the Board of Directors feels it appropriate.

RISK TOLERANCE

We would consider our risk tolerance as average. We understand historical and prospective returns from the capital markets vary from one period to the next, sometimes dramatically. As a long-term investor, we are willing to accept this volatility in order to earn the necessary returns to meet our long-term spending and capital requirements. Inspirit takes steps to mitigate the effects of market volatility on our short-term capital needs by holding a certain level of assets with a low performance correlation to the market and maintaining a certain amount of assets with a high degree of liquidity.

LIQUIDITY NEEDS

To ensure the volatility of capital markets does not have a negative impact on spending levels in any single year, we maintain enough liquidity within our portfolio – in cash and equivalents as well as in public market investments – for granting and operating activities for at least a rolling

one-year period. Our liquidity needs play a crucial factor in determining our asset allocation mix. When investing in less liquid investments, we expect to earn a premium in either higher financial returns or deeper positive impact.

FINANCIAL RETURN TARGET

Inspirit's financial return target is an annualized real return of 5-6% over a long-term horizon. This target could increase if interest rates rise over the course of a full investment cycle.

FINANCIAL BENCHMARKS

In relation to financial risk and returns, the following asset mix benchmarks will be used for future investments:

Asset Class	Benchmark (Total Return)
Cash	0%
Equivalents	FTSE Canada 91 Day T-Bill
Private Fixed Income (0%)	0%
Private Fixed Income	FTSE Canada Universe Bond
Public Canadian Equities	S&P / TSX Composite
Public Global Equities	MSCI ACWI (CAD)
Public Small Cap Global Equities	MSCI World Small Cap (CAD)
Alternatives	Custom benchmark related to actual allocation

TABLE 1

The overall Inspirit benchmark will be a composite of the above noted asset class benchmarks, weighted by their target allocation as per the asset allocation mix. The benchmark will be adjusted, as appropriate, to ensure it is reflective of the use of public and private securities in the overall asset mix. Benchmarks may be updated if more appropriate sources become available.

CARBON BENCHMARKS

Inspirit’s carbon exposure will be tracked through weighted carbon intensity, which measures a portfolio’s exposure to carbon emissions and risk.⁸ It is important to note that weighted carbon intensity is only applicable for equity securities since each holding’s carbon intensity within a portfolio is multiplied by its ownership weight in relation to the other holdings within the portfolio.

In order to better understand our full portfolio’s carbon exposure, we will also track weighted average carbon intensity, which measures a portfolio’s exposure to carbon emissions and risk across asset classes.⁹

Both Inspirit’s weighted carbon intensity and weighted average carbon intensity will be benchmarked against the aggregated weighted carbon intensity and weighted average carbon intensity of the asset class benchmarks in Table 1. Further, where applicable, our carbon exposure will be weighted by their target allocation as per the asset allocation mix in Table 2.

ASSET ALLOCATION MIX

In order to position Inspirit to earn the targeted risk-adjusted financial return, our investment activity is diversified across asset classes and geographies. Table 2 is an integrated asset mix, an enterprise-wide view that encompasses the various investment approaches and vehicles employed by Inspirit. It is a holistic frame for our asset base that is aligned with our investment principles outlined below, and inclusive of both public and private investments across asset classes.

Asset Class	Target	Range
Cash and Equivalents*	10%	0-20%
Private Fixed Income (0%)	5%	0-10%
Private Fixed Income	10%	5-15%
Public Fixed Income	0%	0-25%
Total Cash and Fixed Income	25%	5-45%
Public Canadian Equities	20%	15-25%
Public Global Equities	20%	15-25%
Public Small Cap Global Equities	20%	15-25%
Total Public Equities	60%	45-75%
Alternatives**	15%	10-20%
TOTAL	100%	100%

TABLE 2

*Includes cash in bank and operating account

**Defined as investments in private equity, real estate, and infrastructure

INVESTMENT PRINCIPLES

Inspirit's investment decisions are guided by three principles. Every investment, in relation to the portfolio as a whole, is evaluated based on these investment principles:

1. Risk-adjusted financial performance
2. Movement toward a low carbon portfolio
3. Alignment with Inspirit's organizational vision

Risk-adjusted financial performance

Inspirit's primary fiscal objective is to ensure financial stability in order for us to carry out our activities over both the short and long term. For this to occur, our investments must:

- a. Earn a sufficient return to fund disbursements according to our CRA-mandated disbursement quota
- b. Fund Inspirit's ongoing operating costs
- c. Grow our asset base to maintain the purchasing power over a long-term horizon

Movement toward a low carbon portfolio

Moving prudently toward a low carbon portfolio is essential for financial reasons and achieving our vision. Economic and scientific data and trends state that investing in companies with high levels of current and future carbon emissions leads to lower future profitability levels and devastating social consequences.¹⁰

It is prudent to allocate capital to companies with a low current and future carbon footprint. Historical data suggests that carbon-efficient companies consistently

financially outperform their high-carbon counterparts.¹¹ Carbon-efficient companies are also less likely to suffer significant negative operational consequences as a result of unforeseen climate change legislation or be affected by volatile energy prices. In addition, allocating capital to climate solutions will support the much-needed transition to carbon-efficient sources and also allow us to benefit from the inevitable economic growth of the clean energy sector.

Transitioning to a low carbon portfolio has consequences for our finances and vision. Climate change has and will continue to lead to disastrous consequences for our world, especially for the most vulnerable individuals.¹² The negative consequences of climate change disproportionately affect low-income and marginalized communities,¹³ as in the case with Hurricane Katrina, among many examples. Since Inspirit's vision includes everyone having an equal opportunity to thrive socially and economically, climate change is critical to address in our work. Moving toward a low carbon portfolio is a natural step for our portfolio to achieve our financial and vision-related goals.

Alignment with Inspirit's organizational vision

Since Inspirit exists to create a more inclusive and pluralist society, our investments need to generate returns that transcend financial outcomes for our foundation and maximize stakeholder value.

We identified four conditions that increase the probability of inclusion and pluralism in a society. We consider these societal conditions as our investment themes. Potential investments will be evaluated on their ability to contribute to the conditions' objectives:

1. Increasing Livelihoods

The prospect for growth and individual prosperity is limited by the imbalance of opportunity in our society. Investing to increase livelihoods creates more opportunities for all people to prosper. For Inspirit, this means allocating capital to investments that:

- Provide wider and more equitable access to quality education, training, and employment with livable wages and working conditions
- Offer ethical and appropriate financial products and services to historically marginalized communities
- Deliver safe, high quality, health and social care services for individuals and communities

2. Supporting Climate Change Solutions

The negative effects of climate change are frightening, numerous, proliferating, and severely harmful to the most marginalized populations. Inspirit hopes to address the challenges presented by climate change and mitigate these negative effects by making investments that:

- Contribute to a sustainable use of land to fulfill the needs of growing populations, while ensuring that crucial green spaces are protected and nurtured
- Shift the market away from harmful fossil fuel extraction and development to supporting the expansion of clean energy and climate change response sectors
- Improve energy efficiency, waste management, and water use to encourage responsible resource consumption while ensuring the most basic needs are fulfilled

3. Building Community Infrastructure

A lack of adequate community infrastructure not only results in high-profile failures like flood defense breaches, it also increases barriers to prosperity for the most vulnerable members of society. Sufficient community infrastructure can reduce inequities and provides easier access to economic opportunities for all individuals. Inspirit aims to invest in community infrastructure projects that:

- Provide adequate, affordable accommodation for all
- Improve the accessibility and efficiency of public spaces, infrastructure, and transportation
- Build health and wellness, communications, energy, and utility infrastructure that delivers equitable access to basic necessities

4. Increasing Access to Arts, Culture, and Services

Recognizing that historically marginalized communities face unique social and economic barriers, accessing arts, culture, and other important services can be out of reach. These elements are critical to building a more inclusive society, which is why Inspirit seeks investments that:

- Support equitable access to arts, culture, and media services and products that create opportunities for conversation, consumption, and the expression of culture, leading to pathways for greater social cohesion
- Offer easy access to quality public services to support relationship-building in families and communities
- Provide high quality, affordable, and inclusive services and products to those historically excluded from access

CURRENCY HEDGING

Though the majority of Inspirit's disbursements will be in Canadian dollars, we believe exposure to foreign assets is prudent from a risk/return and diversification standpoint.

Inspirit may employ currency hedging; this decision and its application will be delegated to Inspirit's Investment Managers. The Investment Managers' Mandate Statement/Offering Memorandum will specify the allowable currency hedging that may be employed.

Along with any hedging strategies employed, the Investment Managers will be evaluated in Canadian dollars.

UNIQUE CONSTRAINTS

In addition to Inspirit's investment decisions being guided by the principles outlined above, we will further mitigate operational and reputational risk by not knowingly investing in companies whose principal business works against our organizational vision. We will not knowingly allocate capital to companies whose business is focused primarily on the following areas:

- a. Alcohol
- b. Gambling
- c. Pornography and adult entertainment
- d. Tobacco and related products
- e. Weapons

SHAREHOLDER ENGAGEMENT

In collaboration with our Investment Managers and other service providers, Inspirit may participate in shareholder engagement that aligns with Inspirit's vision and also contributes to a company's long-term shareholder value. The activities of proxy voting and filing resolutions on issues related to Inspirit's vision and values are included within the scope of our shareholder engagement strategy.

ROLES AND RESPONSIBILITIES

There are multiple participants in the investment process, each with their own set of responsibilities and duties:

The Board of Directors has the ultimate authority for ensuring our portfolio meets our objectives. The Board approves and updates our IPS and has appointed a Finance and Investment Committee to oversee the implementation of this document. Notwithstanding this agreed-upon IPS, the Board of Directors reserves the right to act according to their best judgment as to what actions are in the best interest of Inspirit and our stakeholders, even if on rare occasion those actions do not adhere to all the principles outlined in this IPS.

The Finance and Investment Committee is a sub-committee of the Board of Directors. The Committee is responsible for overseeing the prudent management of Inspirit's asset base, which includes approving investment decisions, hiring an Investment Consultant, and selecting Investment Managers.

The Management Team is responsible for the day-to-day implementation of this IPS, assessing financial and reputational organizational risk, making investment recommendations, and reporting to the Finance and Investment Committee.

The Investment Consultant is responsible for monitoring the activities of our Investment Managers and reporting compliance with the guidelines stated in this IPS. The duties of the Investment Consultant also include monitoring and reporting on our full asset base, recommending process and policy improvements, conducting Investment Manager reviews and searches, and assisting the Management Team and Finance and Investment Committee throughout the investment process.

The Investment Managers are accountable for managing the portion of our asset base for which they have been given responsibility by following the guidelines of this IPS along with any custom contractual provision unique to their mandate, exercising care, skill and diligence that can reasonably be expected from a prudent investor at all times.

Each party listed above must acknowledge any conflict of interest with respect to any investment opportunity being considered by Inspirit. Any identified conflict must be disclosed as soon as possible and certainly before an investment decision is made.

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**FOR MORE INFORMATION
PLEASE CONTACT:**

INSPIRIT FOUNDATION

Artscape Youngplace
180 Shaw Street, Suite 314
Toronto, ON M6J 2W5
416-644-3600

inspiritfoundation.org

  @InspiritFdn

