

JOHANSEN LARSEN FOUNDATION RESPONSIBLE AND IMPACT INVESTMENT POLICY STATEMENT

Approved by the Board of Directors, 8 November 2020

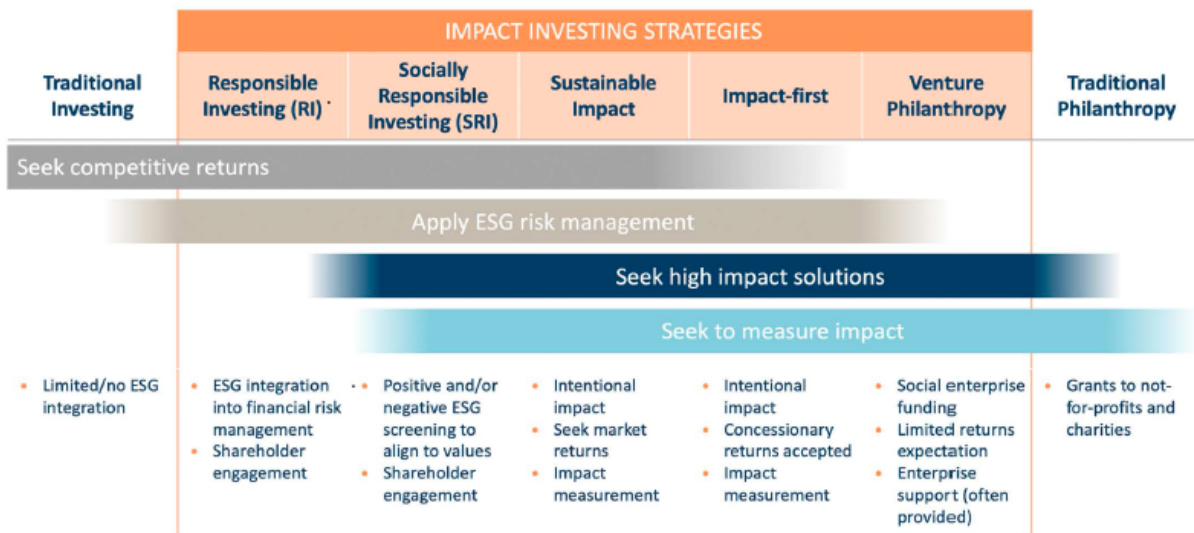
WHAT WE BELIEVE

As a private charitable foundation, we challenge the idea that our investments are only a means to increase our income to provide grants to qualified donees. Rather, we believe that we have the opportunity and obligation to ensure that our investments should:

- be considered within the broad context of our vision to create “an inclusive society in which all beings are treated humanely with respect, care and compassion”
- be consistent with our mission “to enhance the lives of those marginalized in our communities (both human and animal), through supporting inclusive initiatives that foster transformational learning and well-being”
- be grounded in the principles of reconciliation with Indigenous peoples consistent with the UN Declaration on the Rights of Indigenous Peoples
- ensure the long-term value of the assets of the Johansen Larsen Foundation.

We are committed to basing our investment decisions on existing evidence about the performance of the companies we invest in with an understanding that companies that operate in a responsible and sustainable manner, and maintain high ethical standards are better positioned to contribute to long-term financial performance. Our overall aim is for our investments to generate financial returns alongside positive social, governance and environmental (ESG) returns, and which are consistent with, or at minimum do not conflict with our investment beliefs outlined above.

THE RESPONSIBLE AND IMPACT INVESTING SPECTRUM



Source: *The Impact Investing Guidebook for Foundations* (2019). Available at <https://impactinvesting.ca/wp-content/uploads/2019/12/Impact-Investing-Guidebook-Foundations-2019-Update.pdf>

Investment Committee - The JLF shall have an investment committee of no fewer than 3 board members. The Investment Committee is responsible for overseeing, updating and monitoring the Investment Policy Strategy on a regular basis.

RESPONSIBLE INVESTMENT

Our fiduciary responsibility is not simply about maximizing returns and minimizing risks; it includes the consideration of the investment beliefs outlined above. Responsible investing is an approach to investing that aims to incorporate ESG (environmental, social and governance) factors and a commitment to reconciliation into investment decisions, to better manage risk and generate sustainable, long-term returns.

Ethical Investing: (or negative screening) excludes companies or industries that may have negative impact and additional risks

Exclusions/negative screens: Product-based

No investments will be made in industries or companies that are involved in producing:

PRODUCT	METRIC (How we will measure using ESG Reports)
Carbon	<ul style="list-style-type: none"> • Companies actively involved in oil and gas projects • Companies actively involved in oil/tar sands oil extraction • Companies involved in Arctic Drilling • Companies that have a Carbon Emissions ESG Rating above 20 (medium to high risk) <p>Source: Sustainalytics ESG Ratings and Fossil Free Indexes (https://fossilfreeindexes.com/)</p>
Military Weapons	<ul style="list-style-type: none"> • Companies actively involved in the production of controversial weapons (anti-personnel mines, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, and white phosphorus munitions) • Companies actively involved in the manufacture of assault weapons for civilian use <p>Source: Sustainalytics ESG and Controversies Ratings</p>
Palm Oil and GMO	<ul style="list-style-type: none"> • Companies actively involved in the production of palm oil • Companies actively involved in the production of Genetically Modified Plants and Seeds <p>Source: Sustainalytics ESG Ratings</p>
Whale Meat	<ul style="list-style-type: none"> • Companies actively involved in hunting whales for commercial purposes or the processing of whale meat <p>Source: Sustainalytics ESG Ratings</p>

Exclusions/Negative Screens: Business Practices

No investments will be made in industries or companies that are involved in the following business practices:

Animal Testing	<ul style="list-style-type: none">• Companies that conduct animal testing• Companies that have not made a commitment to not use animal testing except where legally required. Sources: Sustainalytics ESG Ratings and Caring Consumers https://crueltyfree.peta.org/
Controversies ¹	<ul style="list-style-type: none">• Companies that have a significant, high or severe controversy rating Source: Sustainalytics Controversy Ratings
Predatory Lending	<ul style="list-style-type: none">• Companies directly involved in predatory lending. (e.g. Moneyfarm, Cash Money) Source: Our own knowledge

Inclusions/Positive Screens

Sustainable investing: (or positive screening) considers environmental, social, governance (ESG) and other ethical criteria in investment decisions, usually in order to mitigate risks or identify opportunities. In alignment with our vision and values, we will invest in industries or companies that address at least one of the following categories:

Equity, Diversity and Inclusion	Companies that demonstrate a commitment to equity, diversity and inclusion through providing: <ul style="list-style-type: none">• gender pay equality program• discrimination policy• diversity program• targeted recruitment of employees• diversity monitoring Source: Sustainalytics (ESG Ratings - Diversity Programmes should have a medium -strong program)
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¹ A controversy is a company's involvement in ESG-related incidents. These incidents could include anything from an oil spill or use of child labour, to human rights violations or fraud. Information about controversies, and how a company responds to them, can help investors evaluate that company's performance against its ESG commitments. They can help determine whether a company is standing by its stated ESG commitments – if its ESG claims are consistent with its behaviour – or if it is simply using ESG commitments to increase publicity.

Environmental Leaders	Companies that are making a significant effort to reduce their impact on the environment. (e.g. reducing greenhouse gas emissions/use of renewable energy, recyclable products/eliminating waste). See, for example, https://www.forbes.com/sites/justcapital/2019/04/22/the-top-33-companies-for-the-environment-by-industry/#2f899df76461
Education/Training	Companies that demonstrate a commitment to education and training through providing: <ul style="list-style-type: none"> • training and mentorship of employees • freedom of association policy Source: Sustainalytics (ESG Ratings)
Reconciliation	Companies that have adopted the UN Declaration on the Rights of Indigenous Peoples as a reconciliation framework and apply its principles, norms, and standards to corporate policy and core operational activities involving Indigenous peoples and their lands and resources ² Sources: https://share.ca/documents/investor_briefs/Social/2017/Business_and_Reconciliation_How_can_investors_evaluate_the_efforts_of_Canadian_public_companies.pdf https://reconciliationandinvestment.ca/wp-content/uploads/2019/04/RRII-Guide-FINAL-2.pdf

Responsible Investing Goals:

- i) The JLF requires that our investment manager(s) incorporate ESG factors into the investment management decisions. All negative and positive screens are open to periodic review and change.
- ii) At minimum, 95% of our portfolio is to be compliant with our negative screens.
- iii) That our investment manager be required to inform the Board if we have a company in our portfolio that does not align with our negative screens and to provide reasons for including this company in our portfolio. The Board will decide whether to continue investing in this company, and if not, it will be sold off.
- iv) 10% of our portfolio to align with positive screens by December 31st, 2020
- v) 20% of our portfolio to align with positive screens by December 31st, 2021

² *Truth and Reconciliation Commission Call to Action 92: Business & Reconciliation.* We call upon the corporate sector in Canada to adopt the UN Declaration on the Rights of Indigenous Peoples as a reconciliation framework and to apply its principles, norms, and standards to corporate policy and core operational activities involving Indigenous peoples and their lands and resources. This would include, but not be limited to, the following:

- i. Commit to meaningful consultation, building respectful relationships, and obtaining the free, prior, and informed consent of Indigenous peoples before proceeding with economic development projects
- ii. Ensure that Aboriginal peoples have equitable access to jobs, training, and education opportunities in the corporate sector, and that Aboriginal communities gain long-term sustainable benefits from economic development projects.
- iii. Provide education for management and staff on the history of Aboriginal peoples including the history and legacy of residential schools, the UN Declaration on the Rights of Indigenous Peoples, Treaties and Aboriginal rights, Indigenous law, and Aboriginal–Crown relations. This will require skills-based training in intercultural competency, conflict resolution, human rights, and anti-racism.

IMPACT INVESTING

Impact investments are made to generate positive social and environmental impact alongside a financial return. Impact Investing involves deliberately selecting and supporting organizations and projects that share our mission and values.

Impact Investing Goals:

- 1) To develop impact investing guidelines by March 31, 2021 with the following broad aims in mind:
 - to invest up to 10% of our capital in impact investments.
 - to focus on climate transition and reconciliation with respect to our impact investing
 - to develop the tools to influence corporate conduct through research, policy development, letter writing, face-to-face meetings, proxy voting and shareholder engagement and resolutions

- 2) To build our capacity to engage in impact investing through, for example:
 - joining responsible investment service providers such as SHARE: Shareholder Association for Research and Education (www.share.ca)
 - working with PFC and other foundations engaging in Impact Investing

Sources:

Rally Assets (2020). Available at <https://rallyassets.com/>

SHARE (Shareholder Association for Research and Education). (2020). Available at <https://share.ca/>

The Impact Investing Guidebook for Foundations: Case Studies, Frameworks, Conversations, Roadmaps (2019). Available at <https://impactinvesting.ca/resources/>

The Impact Investing Guidebook for Foundations: 2019 Primer (2019). Available at <https://impactinvesting.ca/resources/>

SHARE (2008). *Putting Responsible Investment into Practice: A Toolkit for Pension Funds, Foundations and Endowments*. Available at http://www.share.ca/files/RI_Toolkit_WEB.pdf