

Investment Policy Statement



— **System-level investing:** An investment approach that seeks to protect and enhance long-term financial returns by managing financially material risks and opportunities that affect the broader social, environmental, and economic systems upon which markets depend.

— **Fiduciary Duty:** The prudent management of financial risk and return, and the consideration of financially material systemic risks— like climate change, economic inequality, labor practices, and community impacts— that may affect long-term portfolio performance.



Healthy portfolios depend on healthy systems and collective prosperity.

AJL Foundation invests in people, programs and movements that benefit Colorado's youth and families. The design of the Investment Policy Statement is playful on purpose, because a document meant to protect the future of kids and families should feel like it belongs to them. The color palette and artwork are inspired by the places we invest: the San Luis Valley, Metro Denver, and the mountains and waterways that tie the two together across Colorado. System-level investing can sound abstract — global markets, systemic risk, capital flows — but for us it isn't abstract at all. It's this state, these mountains and rivers, and the communities on the other end of every dollar we steward.

Artwork & Design: Alexandria Jimenez, Denver-based artist with roots in the San Luis Valley.

Adopted by the AJL Foundation Board of Directors on 7/8/2026

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Since we began our impact investing journey at AJL Foundation, we've shared what we've learned along the way—publishing our quarterly impact and financial performance, experimenting with new investment strategies, transitioning our public equities to active stewardship, and continually asking ourselves: **how can every dollar we steward better support the communities we serve?**

As the next step in this journey, AJL Foundation's Board of Directors adopted a new Investment Policy Statement (IPS) that formally shifts our investment approach from ESG integration to system-level investing. It's an evolution in philosophy, but really it's a reflection of what we've come to believe through years of experience.

When we first began integrating environmental, social and governance (ESG) factors into our investment process, our goal was to better understand how these issues affected individual companies and investment performance. ESG remains an important tool, but over time, we came to recognize that many of the greatest risks facing our long-term portfolio, and the families and communities we serve, cannot be addressed one company at a time. Climate change, widening economic inequality, threats to democratic institutions, labor practices, and financial system instability aren't simply risks to individual investments. They're systemic risks that influence the performance of entire markets, and as a perpetual foundation, we cannot diversify away from them.

Our new IPS reflects that understanding. It recognizes that managing financially material systemic risks isn't separate from fiduciary duty — it is fiduciary duty. Protecting the long-term health of our portfolio means contributing to the resilience of the systems it depends on.

For AJL, system-level investing means looking beyond security selection alone. It means considering how we allocate capital, how we exercise our rights and responsibilities as shareholders, how we engage with our investment managers, and how we



All capital has impact. There is no neutral.

collaborate with other investors to strengthen the environmental, social, and financial systems that support long-term economic prosperity.

This shift also reflects our belief that all capital has impact. There is no neutral. Our grants and our investments aren't separate expressions of our mission — together, they're our resources for advancing opportunity for Colorado's families and youth.

This change doesn't alter our commitment to strong financial performance. Our long-term objective remains preserving the Foundation's purchasing power while generating returns that sustain our grantmaking in perpetuity. We believe understanding and managing systemic risk is essential to achieving that.

Our commitment to transparency remains unchanged too. We'll continue publishing quarterly impact and financial performance reports, sharing our successes and our challenges, because the field advances when institutions learn openly together.

As always, we are sharing this not because we believe we've arrived, but because we've benefited enormously from others who have openly shared their own journeys. We hope our experience contributes to the growing conversation around fiduciary duty, active stewardship and system-level investing.

In partnership,

Alece H.M. Montez & Kristi Petrie
Co-Executive Directors
AJL Foundation

Preamble

It is the mission of the AJL Foundation (“Foundation”) to invest in the people, programs, and movements that benefit Colorado’s families and youth. The Board of Directors (“Board”) views the Foundation’s endowment (the “Portfolio”) as long-term resources to support its charitable purpose and recognizes that the performance of these assets is influenced by broader social, economic, and environmental systems. As such, the Foundation seeks to manage the Portfolio in a manner that both supports its mission and contributes to the long-term health and stability of the communities and systems upon which its beneficiaries depend.

The Foundation recognizes that it holds its assets in a fiduciary capacity and is therefore obligated to manage the Portfolio in a manner consistent with its duty of care, duty of loyalty, and duty of prudence under applicable law. This includes the responsibility to act in good faith, with the care an ordinarily prudent person would exercise, and in a manner reasonably believed to be in the best interests of the Foundation and its long-term charitable purposes.

This fiduciary responsibility includes not only the prudent management of financial risk and return, but also the consideration of financially material systemic risks—including, but not limited to, climate change, economic inequality, labor practices, and community impacts—that may affect long-term Portfolio performance.

The Foundation will manage its investments using a total-portfolio approach and will seek to align its capital, where practicable, with its mission and strategic priorities, including advancing equity and addressing root causes of systemic challenges. The Foundation considers the management of these challenges, material systemic risks, and the resilience of the broader financial system to be consistent with and integral to the Foundation’s fiduciary responsibilities.

Consistent with this approach, the Foundation may prioritize investments and stewardship activities that support its mission, including alignment with Sustainable Development Goals 10 and 11 (Reduced Inequalities and Sustainable Cities and Communities).

The Foundation will apply the standards of a prudent investor as articulated under Colorado state law, interpreted in a manner consistent with its long-term investment horizon and its responsibility to manage material risks and opportunities affecting both financial performance and mission outcomes. All investment and impact objectives, directions, and policy statements contained herein are to be interpreted in light of this overarching commitment to stewardship, fiduciary responsibility, and mission alignment.

Purpose

The purpose of this Investment Policy Statement (“IPS”) is to foster a clear understanding of the Foundation’s investment and impact objectives, policies, and guidelines among all involved parties. The intent herein is to be specific enough to be meaningful, but flexible enough to be practical.

Roles and Responsibilities

Board

1. Approving the IPS and reviewing it annually.
2. Electing members of the Finance and Investment Committee (“Committee”) for the purpose of direct oversight of the investment strategy.
3. Retaining the Advisor to assist in education, research, analysis, implementation, and monitoring of the investment strategy.

Finance and Investment Committee

The Board retains ultimate discretion for the investment strategy and the selection of the investment advisor (“Advisor”). Below are the specific responsibilities of the Board.

As an extension of fulfilling its fiduciary responsibility, the Board delegates a portion of the day-to-day responsibility for monitoring the investment strategy to the Committee. The specific responsibilities of the Committee are:

1. Monitoring the IPS and making recommendations for modification to the Board as needed for approval, at a minimum once per year.
2. Working with the Advisor to set asset allocation targets within the guidelines of this IPS.
3. Reviewing the Advisor’s selection of liquid Investment Managers and approving the Advisor’s recommendations for illiquid Investment Managers to meet the asset allocation targets and the Foundation’s impact goals.
4. Reviewing at least quarterly the status of the Portfolio.
5. Continuing to assess the alignment between the investment strategy, the IPS, and the Foundation’s strategic plan.
6. Monitoring the Advisor’s effectiveness and making recommendations to the Board as to the suitability of the Advisor.



Investment Advisor

In recognition that the Board and Committee may not possess the resources, time, experience, or expertise to most appropriately guide the investment strategy, the Foundation may delegate a portion of its investment-related responsibilities to an independent Advisor.

Specifically, the Advisor shall be primarily responsible for:

1. Providing recommendations related to governance and implementation of the IPS.
2. Assisting the Board and Committee in clarifying investment and impact objectives and setting the asset allocation.
3. Selecting appropriate liquid Investment Managers and providing recommendations for illiquid Investment Managers considered appropriate for implementing the asset allocation.
4. Providing ongoing research, performance, and due diligence on Investment Managers for implementing the asset allocation targets and impact goals.
5. Providing performance reports at least quarterly for the Committee and as needed by the Board.
6. Providing ongoing education on topics relevant to investment strategy for private foundations.

Staff

The Staff is primarily responsible for the day-to-day operations of the Portfolio. Specific responsibilities of the Staff include the following:

1. Continuing to assess the alignment between the investment strategy, the IPS, and the organization's strategic plan.
2. Monitoring the implementation and trading of the Portfolio.
3. Informing the Advisor of cash flow events.
4. Monitoring the effectiveness of the Advisor and making recommendations to the Committee and Board as to the suitability of the Advisor.

Investment Manager

The Foundation may use Investment Managers utilizing different investment structures (e.g., separate accounts, mutual funds, exchange-traded funds, private placements, etc.) to buy and sell securities within the Portfolio and execute on a specific investment strategy. The Investment Managers shall be primarily responsible for:

1. Authority over a specific investment strategy.
2. Accepting limited fiduciary responsibility.



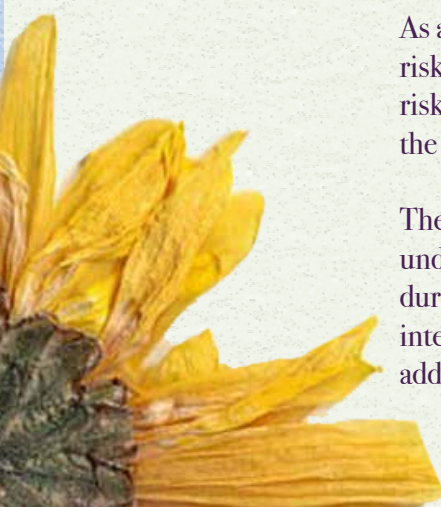
IV Investment Beliefs

The Foundation believes that the long-term success of its Portfolio and its ability to achieve its real return objective (CPI + 5%) depend fundamentally on the health and resilience of the environmental, social, and financial systems in which it invests. This includes functioning capital markets (financial system stability), economic growth (healthy social and environmental systems), and manageable volatility (avoiding catastrophic systemic shocks).

The Foundation recognizes that the majority of long-term investment outcomes are driven by market-wide factors rather than individual security selection. As a result, systemic risks—such as climate change, economic inequality, governance failures, and financial system fragility—represent material, non-diversifiable risks to long-term Portfolio performance.

As a permanent-capital institution, the Foundation cannot diversify away or outgrow these risks. Accordingly, prudent fiduciary stewardship requires managing not only Portfolio-level risks, but also contributing—where practicable and appropriate—to the long-term resilience of the systems upon which the Portfolio depends.

The Foundation believes that system-level investing is consistent with fiduciary duty and is undertaken as a strategy to protect long-term returns, manage material risks, and support durable economic growth. This approach complements, but extends beyond, traditional ESG integration by incorporating capital allocation, stewardship, collaboration, and engagement to address root causes of systemic challenges.



V Investment and Impact Objectives

The Foundation will employ system-level investing when making investment decisions. System-level investing with an impact recognizes the interdependence between the Foundation's long-term investment returns and the health of the broader environmental, social, and financial systems. This approach includes aligning the Portfolio with the Foundation's broader mission by seeking to build a Portfolio that avoids harm, benefits stakeholders, and contributes to solutions.

A Investment Objectives

The long-term financial objectives of the Foundation are to support the Foundation's spending rate and preserve the real (inflation-adjusted) purchasing power of the Portfolio, recognizing that the Foundation can do the most good by existing in perpetuity. The Foundation will also seek to maximize mission alignment and minimize financially material systemic risks.

The Foundation's spending requirement is the minimum amount that private foundations must spend each year for charitable purposes. The amount is paid in the form of qualifying distributions, which include grants and, within certain limits, the administrative costs of making grants. Currently, the Foundation must meet or exceed an annual payout requirement of five percent (5%) of the average market value of its net investment assets. Therefore, the primary financial objective is for the Foundation's invested assets to earn an average annual real total return, adjusted for inflation (e.g., the Consumer Price Index), net of investment management fees and expenses, that meets or exceeds the annual spending requirement.

B Impact Objectives

The impact objectives of the Foundation are to meet the Foundation's grantmaking needs without undermining the systems that the Foundation's grant partners work to strengthen, by evaluating opportunities that avoid harm, benefit stakeholders, and contribute to solutions.

1. Avoid Harm – investments that reduce negative effects on the mission and key impact goals.
2. Benefit Stakeholders – investments that generate positive effects aligned with the Foundation's mission and key impact goals.
3. Contribute to Solutions – investments that generate one or more significant positive effects aligned with the Foundation's key impact goals.

Specifically, the Foundation believes that extreme and growing inequality poses systemic risks to economic growth, social stability, and democratic governance, which can affect the potential for long-term investment returns. To that end, the Foundation will allocate capital across the three areas described above to expand economic opportunity, support diverse entrepreneurs, and invest in underserved communities.



View of Risk

The Foundation seeks to identify, mitigate, and manage all material risks—financial, impact-related, and systemic—that may affect the Portfolio’s ability to meet its long-term objectives. Risk management is evaluated over multi-year and full-market cycles in a manner consistent with the Foundation’s perpetual time horizon.

1. Asset Class Diversification

The Foundation strives to diversify its asset class exposure in such a manner as to pursue its target return objective with reasonable volatility. Such asset class diversification should also reflect an attention to other investment risks such as risks due to interest rate fluctuation, limited liquidity or transparency, sector or security concentration, currency and other macroeconomic factors, and geopolitical and catastrophic event risk.

The Foundation recognizes that diversification is an effective tool for reducing idiosyncratic risk but does not eliminate systemic risks that may affect large portions of the Portfolio simultaneously.

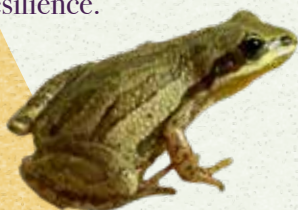
2. Systemic Risk

In addition to traditional investment risks, the Foundation recognizes the existence of systemic risks—risks that arise from the degradation or instability of broader environmental, social, economic, and financial systems. These risks are material, non-diversifiable, and may affect multiple asset classes concurrently.

Examples of systemic risks include, but are not limited to:

- Climate-related risks, including both physical risks and risks associated with the economic transition to a lower-carbon economy
- Social and economic inequality, which may undermine economic growth, social cohesion, and political stability
- Governance and democratic risks, including erosion of rule of law, corruption, and regulatory instability
- Financial system fragility, including excessive leverage, market interconnectedness, and contagion risk

The Foundation will seek to manage systemic risks through a combination of diversified asset allocation, manager selection, active ownership and stewardship, engagement with peers and collaborators, and periodic review of emerging risks that may affect the Portfolio’s long-term resilience.





3. Investment Managers and Management Teams

When selecting investment managers, the Foundation believes that part of the organization's fiduciary duty requires the Foundation to evaluate all factors that could affect risk and return, including the composition and diversity of the investment management team. There have been studies that show teams with greater diversity of background, experience, and perspective demonstrate improved risk management particularly in downside events ¹²³.

4. Avoiding Portfolio Management Team Concentration

The Foundation also considers the risk of concentrating assets with a single Portfolio Management Team. In general, the Foundation strives to allocate no more than 25% to any one Portfolio Management Team, unless the Portfolio Management Team is implementing a passive strategy that mimics the performance of specified market index. At the discretion of the Committee, the Foundation may exceed the 25% threshold if it satisfies the investment and impact objectives of the Foundation.



¹Linda-Eling Lee, *To Understand Sustainability and Performance, Tape This Table to Your Wall*, MSCI Sustainability Institute (Mar. 25, 2025)

²Sundiatu Dixon-Fyle et al., *Diversity Wins: How Inclusion Matters*, McKinsey & Co. (2020)

³Ron Carucci, *One More Time: Why Diversity Leads to Better Team Performance*, Forbes (Jan. 24, 2024)

V Asset Allocation Guidelines

The Foundation and its Advisor shall consider the asset classes (outlined below). Additionally, the Foundation and its Advisor shall respect the asset class restraints described below for each broad asset class.



A Asset Allocation Bands

Asset Class	Investment Portfolio	
	Min (%)	Max (%)
Global Equities (US and Non-US)	50%	80%
Fixed Income	10%	40%
Real Assets	0%	20%
Alternative Investments	0%	25%
Cash and Cash Alternatives (<1 yr.)	0%	5%

B Target Asset Allocation

At all times, the Foundation and its Advisor(s) shall define a target asset allocation(s) consistent with the Foundation's investment objectives for the Portfolio and the guidelines presented in this IPS.

The target allocation(s) shall be documented as the Schedule I to this IPS. As the target allocation(s) are modified by the Committee, it shall be updated in Schedule I without requiring a re-approval of these investment policies.

Monthly and quarterly reports shall document the Foundation's target allocation and compare it to the actual allocation.

C Rebalancing

At least quarterly, the Advisor shall provide the Foundation a comparison of the actual asset allocation to the target asset allocation as defined in the Schedule I this document.

Should the actual allocation to any asset class deviate by more than 10% from the target allocation for that asset class, then the Committee shall discuss the appropriateness of rebalancing that asset class in light of both macroeconomic factors and the Foundation's activities as well as impact goals.

When the Foundation makes significant withdrawals or deposits to the Portfolio, the Investment Advisor shall provide a recommendation of how those monies should be deposited or withdrawn in order to further align the Portfolio with the target allocation.



Asset Class Guidelines

Cash

Cash and cash equivalents can appropriately include overnight custodial cash funds, money market mutual funds, and/or individual money market instruments.

Fixed Income

Fixed income consists of government, corporate, municipal, asset-backed, and collateralized mortgage securities. Traditional fixed income managers may purchase unrated bonds and bonds rated below investment grade if the average credit rating is “BBB” or better as rated by the major credit rating agencies. Global fixed income will have a duration of 5–7 years and short-term fixed income will have a duration of 5 years or less. International fixed income investments may be owned in mutual fund or ETF formats.

Global Equities

Equity investments will focus on high-quality, large- and mid-capitalization growth and value stocks. However, small-capitalization stocks may also be utilized. The Foundation may hold high-quality and marketable equity securities, and equity-oriented mutual funds or ETFs.

Within the International Equity portion, there will typically be further diversification among managers, countries, and investment style. Most often, both emerging market and developed market options will be considered.

Real Assets

Real assets represent tangible assets such as real estate, natural resources, or collectibles. The Advisor shall consider the suitability of such investments based on the investments’ ability to meet the return, impact, and risk-management objectives of the Portfolio. In addition, the Advisor will consider liquidity, transparency, fees, regulatory oversight, the use of leverage, and other potential liabilities. The Advisor may not make direct investments in real estate or permit the lending, mortgage, pledge, or hypothecation of any of the Foundation’s assets except at the specific direction of the Board of Directors.

Alternative Investments

The Advisor may consider for recommendation the inclusion of strategies to improve risk management and help strive to meet return and impact objectives. Such investments might include hedge fund strategies, strategies based on financial futures, currencies, rates, derivatives, equities, fixed income, arbitrage, or other niche trading strategies. Prior to investment in such strategies, the Advisor will consider liquidity, transparency, fees, regulatory oversight, the use of leverage, and other potential liabilities. Investments with longer than a 15-day redemption clause shall not be made in the public markets without prior approval of the Committee. Speculative and venture capital stock investments require advance approval of the Board of Directors.

Transaction Requirements

All transactions will be for cash and should be entered into on the basis of best execution which means best realized net price.



VII Investment Guidelines

The Advisor and the Staff will incorporate the following capital allocation and investment strategies detailed below when constructing the Portfolio and choosing Investment Managers.

The Committee will decide which investment strategies best meet the investment and impact objectives of the Foundation.

Capital Allocation

Public Equities

The Portfolio's public equity allocation will integrate system-level considerations through:

1. allocation to thematic strategies addressing systemic challenges such as climate change and economic equality,
2. manager selection based on systemic risk understanding and collaborative stewardship participation,
3. active engagement with industries and policymakers on material systemic issues, and
4. proxy voting supporting long-term value creation and system resilience.

Fixed Income

The Portfolio's fixed income allocation will integrate system-level considerations through allocation to green, social, and sustainability-linked bonds that finance system-strengthening infrastructure.

Private Investments

The Foundation's private equity allocation will integrate system-level considerations, wherever possible, through:

1. allocation to funds addressing systemic challenges and capital access gaps, including diverse manager programs,
2. manager selection based on demonstrated ESG integration and systemic risk management; and
3. regular reporting on carbon footprint, diversity, and labor standards, if applicable.

Real Assets

The Foundation's real assets allocation will integrate system-level considerations, wherever possible, through:

1. prioritizing climate solutions infrastructure (renewable energy, sustainable transport, energy storage);
2. affordable housing and green building real estate strategies;
3. regenerative agriculture and sustainable forestry; and/or
4. manager selection based on climate resilience and community engagement.

Cash and Cash Equivalents

The Foundation's cash and cash equivalents allocation will integrate system-level considerations, wherever possible, through:

1. use of community development financial institutions (CDFIs) where feasible;
2. selection of mission-aligned banks with strong environmental and social performance;
3. reserves for catalytic investments supporting system-level change.



B Investment Strategies

1. Exclusionary Screening

The Foundation will exclude companies whose business activities may negatively affect opportunities or life outcomes based on race, ethnicity, caste, nationality, or country of origin. The Foundation will also exclude companies whose business activities contribute materially to climate change, including companies involved in the fossil fuel supply chain, where those activities create financial and reputational risks related to climate change. In addition, the Foundation will exclude companies that generate significant revenues from adult entertainment, alcohol, firearms, gambling, tobacco, and nuclear weapons.

2. Thematic Investing

The Foundation will seek to include thematic investments that align with the organization's mission and support the health of the broader environmental, social, and financial systems.

3. Shareholder Activism

Stewardship Approach

The Foundation recognizes stewardship as a core component of prudent long-term investing. Stewardship activities are designed not only to influence individual companies, but also to support broader system resilience through collaborative engagement, industry-wide dialogue, and participation in initiatives addressing material systemic risks.

The Foundation may engage directly or collaboratively with investment managers, companies, and other investors to encourage practices that support long-term value creation, responsible governance, and system stability.

The Foundation will use its position as an equity investor to advocate for the issue areas that align with the Foundation's impact goals. The Foundation may also work in coalition with others, pushing to influence corporate behavior from within. Voting on the proxies, co-filing, and filing shareholder resolutions are all part of this effort. Proxies shall be voted in accord with the concerns stated in the policy guidelines.

Proxy Voting

The Foundation may delegate proxy voting and stewardship implementation to qualified advisors or platform providers, consistent with this Investment Policy Statement and the Foundation's system-level investment beliefs. Proxy voting guidelines are intended to be principles-based and adaptive, rather than solely prescriptive, to reflect evolving market practices and systemic considerations.

Where possible, the Board directs the Advisor to vote proxies in accordance with the Ethic, Inc.'s Sustainability Themed Proxy Voting Guidelines and the proxy voting guidelines of the chosen investment managers. Where this is not possible for certain equities, the Advisor will forward the proxy to the Co-Executive Director for voting.

Collaborative Engagement

Where appropriate, the Foundation may participate in collaborative engagement efforts with other investors to amplify its voice on systemic issues that affect long-term investment outcomes. The Foundation recognizes that collective action can be an effective and proportional means of addressing risks that no single investor can mitigate alone.

Stewardship Philosophy

The Foundation evaluates stewardship effectiveness based on contribution, learning, and alignment with long-term objectives, rather than seeking to attribute specific outcomes to its actions alone. Stewardship practices will be reviewed periodically and refined as best practices evolve.

VIII Investment Manager Search and Selection

A Process

In each asset class, the Advisor shall select active and passive Investment Managers or investment vehicles, seeking to identify investments that the Advisor determines are appropriate for striving to meet the objectives of the Portfolio.

The Advisor will evaluate the following criteria for each Investment Manager.

- Company/Fund Manager (e.g., impact intent, financial sustainability, stage of company, company-wide alignment)
- Team (e.g., compelling leadership/diversity, support of strategy, ethical conduct, implementation ability/continuity)
- Strategy (e.g., measured impact, profitable proposition, business model + opportunity set, sound and repeatable strategy)
- Impact (e.g., impact thesis or purpose, measurement & reporting, path to achieving impact, mission perception and drift)
- Performance (e.g., history of adding risk-adjusted value, repeatable and consistent returns, and operational expenses)
- Investment Structure (e.g., seniority, investment terms, liquidity and exit potential, cost)

The Advisor is responsible for providing the Committee with quantitative and qualitative information on the investments.

B Qualitative Considerations

The Advisor shall gather information about and provide qualitative factors which include the following:

- Financial soundness and resources of the organization
- Quality, consistency, racial and gender diversity throughout the organization, and compensation of personnel
- Commitment to diversity and inclusion, including DEI policies as well as recruitment, hiring, and promotion practices
- Clearly defined investment philosophy
- Growth in assets under management
- Clearly defined impact strategy, the manager's ESG competency, use of data resources, internal ESG education, and level of ESG integration
- Methodical, repeatable investment process with consistently effective decision-making
- High-quality, objective research
- Appropriate risk controls
- Firm and team-level potential conflicts of interest
- Style consistency and reliable implementation
- History and ownership of the firm, key investment personnel stability, key clients, fee schedule, and support personnel.

Quantitative Considerations

The Advisor shall review the following quantitative metrics when comparing investment options. The Advisor may also use additional data (e.g., prior track record performance) as considered relevant.

- Net absolute returns over multiple market periods
- Net returns relative to relevant market indices and appropriate peer group universe
- Net returns during more extreme market periods, both positive and negative
- Portfolio duration, credit ratings, current yield, and yield to maturity
- Alpha relative to the benchmark and peer group
- Volatility over multiple market periods
- Volatility relative to market indices and peer group
- Ability to reduce participation in down markets while capturing appropriate positive performance in up markets
- Ability to compensate for market risk relative to indices and peer groups
- Portfolio holdings to evaluate diversification and alignment with manager's stated strategy



Investment Review

An Investment Manager shall be placed on “Review” when the Advisor is concerned about a material change in any of the following factors:

- Company (e.g., changes in ownership, new strategic direction, loss of assets)
- Team (e.g., new portfolio manager, high analyst turnover, lack of succession plan, DEI issues)
- Strategy (e.g., change in methodology, deviation in implementation, no longer relevant)
- Impact (e.g., thesis changes, mission drift, impact no longer relevant or declining)
- Financial Condition (e.g., deteriorating financial ratios, lack of repayment, declining cashflow)
- Performance (e.g., persistently poor security selection, failure to compensate for risk, delinquency)

When an Investment Manager is on “Review,” the Advisor shall monitor the Investment Manager’s ongoing suitability, both on its own merits and in relation to other investments in the same asset style that may be more suitable.

IX Review Procedures

A Review and Modification of the Investment Policy Statement

The Board and the Committee shall review the IPS at least annually to determine whether modifications are necessary or desirable.

B Meeting with Investment Advisor

The Advisor is expected to meet at least quarterly with the Committee to review market strategy, Portfolio structure, and investment results. If requested, the Advisor will meet more often with the Committee, Management, and/or the Board.

Additionally, on a timely basis, the Advisor is expected to proactively inform the Committee in writing of any significant changes to an Investment Manager's ownership, portfolio management process, or style, or if other material concerns have become evident.



System-Level Measurement and Reporting

The Foundation's measurement and reporting framework includes:

Performance Measurement

The Committee requires a quarterly performance report on the investment performance of the Portfolio versus the objective benchmark of CPI + 5% and versus the appropriate market asset class benchmarks. In addition, the Committee requires quarterly performance reporting for individual Investment Managers versus their stated market benchmarks.

Capital Allocation

The Committee requires annual reporting on the percentage of the Portfolio allocated to the explicit systems-strengthening strategies outlined in the Investment Guidelines section.

Portfolio Footprint

The Committee requires quarterly reporting on the measurement of the Portfolio's:

- Carbon Footprint: Portfolio greenhouse gas emissions (Scope 1, 2, and material Scope 3) benchmarked against relevant indexes, with trend analysis
- Diversity Metrics: Gender and racial/ethnic diversity of boards and senior management across public equity holdings; manager firm diversity
- Other Material Metrics: controversies versus the Portfolio's benchmarks and exposure to factors that are material issue areas for racial justice and climate change

Stewardship Activities

The Committee requires annual reporting on the following:

- Number and focus of engagement activities (company, industry, policy)
- Participation in collaborative investor initiatives and outcomes achieved
- Proxy voting record on key systemic issues
- Policy advocacy activities

Impact Scoring

The Committee requires annual reporting on the Portfolio's total impact score using the Impact Management Project's framework for EFFECT and CONTRIBUTION plus the diversity score of the Portfolio.

Continuous Improvement

The Committee and Staff will assess the Foundation's system-level investment approach biennially, incorporating the following:

- Feedback from managers, peer investors, and advisors
- Emerging best practices and tools
- Lessons learned from our own activities
- Evolving understanding of systemic risks and opportunities

Schedule I

Asset Pool
Endowment Portfolio

Objective Benchmark
CPI + 5.0%

US Equity	Global Equities	46.00%	41.40%	- 50.60%
Non-US Equity	Global Equities	20.00%	18.00%	- 22.00%
SI - Environmental Opps	Global Equities	5.00%	4.50%	- 5.50%
Global Equity	Global Equities	3.20%	2.88%	- 3.52%
Private Equity	Alternative Investments	0.20%	0.18%	- 0.22%
Private Debt	Alternative Investments	6.10%	5.49%	- 6.71%
Private Real Assets	Alternative Investments	0.00%	0.00%	0.00%
Global Fixed Income	Fixed Income	14.25%	12.83%	- 15.68%
Short Term Fixed Income	Fixed Income	4.75%	4.28%	- 5.23%
Cash Alternatives	Cash	0.50%	0.45%	- 0.55%



Schedule I reflects the Organization's target asset allocation as outlined in the performance report and used to create the policy benchmark. The sub-strategies listed in the Schedule I fall within the broader asset allocation bands outlined within the Investment Policy Statement.





**We have power,
individually and
collectively, that
we must gather
and deploy.**

— Burning Love: An Invitation to Transformative Action.
A Legacy of Love: The Brown Paper Series



ajlfoundation.org



Adopted by the AJL Foundation Board of Directors on 7/8/2026