Community of Christ

Statement of Investment Objectives, Policies and Guidelines

Balanced Investment Pool

Revised February 2017

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Introduction

These investment policies are considered to be an implementation document for the World Church Financial Policy stated in World Conference Resolution 1264 (see Appendix D in Section B). The World Church Financial Philosophy and World Church Financial Principles sections of the World Church Financial Policy are included as an appendix to this document. All provisions in these investment policies are designed to be consistent with the World Church Financial Policy. The World Church Financial Policy will take precedence over any inconsistent provision that may be identified.

Section A General Investment Policies of the Presiding Bishopric

The primary purpose of many institutional investment policies is monetary in nature. They focus on preserving and increasing the assets of their institutional funds with various levels of emphasis on risk and other factors that could affect their bottom line. The investment policies of the Presiding Bishopric have been expanded beyond strictly monetary concerns to ensure that our investment practices are consistent with the mission and values of the church.

I. Goals

A. Exercise faithful, prudent, and socially responsible stewardship in the management and use of all funds to support the mission of the church and its impact upon ministry to human need within the context of the message of Jesus Christ.

B. Finance both the church's immediate and long-range program by maintaining the availability and stability of its accumulated economic resources as well as the flow of current income through fiscally sound investment policies that provide reasonable risk and return while upholding the church's values of peace and justice for all people.

C. Preserve the church's principal and generate income.

D. Maintain the integrity of church funds by ensuring that each fund's assets are available for the purpose intended, yet are in harmony with the provisions of the policies set forth herein and faithful to the mission of the church.

E. Stay apprised of current and evolving trends and issues related to the growing worldwide focus on environmental and social concerns – known collectively as Environmental, Social, and Corporate Governance (ESG) policies – and how they may influence the church's investment policies. Develop fiduciary insights using the following guidelines:

1. It is understood that the business and the global economy are evolving in their understanding, focus, and application of strong ESG policies. However, at this time, it is very difficult to assess the use and efficacy of such policies among companies due to the lack of formal and consistent criteria for reporting and evaluating corporate activities related to ESG.

2. The church's investment vision is to incorporate ESG principles over time, recognizing that flexibility and good faith efforts are necessary to manage ESG investment goals and still retain a favorable return on investment.

3. The Presiding Bishopric, in consultation with the consultant and investment managers, is to determine the proper source of independent measurements to be used for compliance with the intent of ESG policies. Because tools for evaluating ESG policies related to companies and their investment vehicles are somewhat limited at this point in time, compliance is required only when such metrics for monitoring and reporting are available and acceptable to the Presiding Bishopric.

II. General Policies

The following represents the basic elements of the investment policies followed by the Presiding Bishopric in its role as Trustee of International Church funds.

A. The primary function of the Trustee is to preserve the principal of invested church funds with a secondary responsibility of generating income.

B. The Trustee pursues a policy of utilizing advice from competent authorities and institutions on economic developments in the world. It makes use of various investment counseling resources, including the Investment Committee, staff of the International Headquarters, investment management services, and the Interfaith Center on Corporate Responsibility.

C. The Trustee is responsible for taking steps to evaluate companies or other entities in which investments are made to determine whether their activities are compatible with the church's investment policies.

D. The Trustee maintains the integrity of church funds, which are usually earmarked for specific functions or activities, to ensure that each invested fund's assets are available for the purpose intended. Where it seems advantageous to do so, the Trustee may pool the assets of two or more church funds in a single investment vehicle. However, the portion of each church fund involved in a pooled investment is clearly documented so that proceeds from asset sales, dividends or other disbursements are allocated correctly.

E. The First Presidency may request information on investments included in the church's portfolio at any time. Consultation is held with the First Presidency prior to making long-term fixed investments, such as land purchases that may affect the program of the church.

F. In making investment and related decisions, the Trustee is guided by the *reasonable and prudent* rule (a recognized principle of law) as it applies to the management of funds. This means that the Trustee exercises ordinary business care and prudence in light of circumstances prevailing at the time a decision is made.

G. In all matters relating to the investment of church funds, the Trustee complies with civil law at every level, including international, national, state and local.

III. Principles in Decision Making

The following principles and concepts are incorporated, as appropriate, into the Trustee's decision-making process.

A. *Balance.* Utilize a proper mix of decision-making principles, applying those that are most relevant to each situation, in an effort to achieve the overall investment objectives of preserving principal and generating income.

B. *Diversification*. A method of spreading and ultimately limiting risk by mixing various investment vehicles and characteristics (e.g., real estate, equities, bonds, differing quality ratings, maturity dates, industries, entities).

C. *Flexibility*. Adapt to a changing investment climate and the dynamics of the International Church program.

D. *Liquidity.* Ease with which investments may be converted into cash.

E. *Marketability*. The existence of a ready market for the sale of an asset.

F. *Quality*. The rating placed on investment securities by a recognized agency.

G. *Risk.* The degree of uncertainty, the possibility of loss, or volatility in returns.

H. *Environmental, Social, and Corporate Governance (ESG).* A widely-accepted term addressing socially responsible investment practices.

I. *Stewardship*. The exercise of financial, ethical, and legal fiduciary responsibility.

J. *Divinity.* Principle that guides all understanding and decisions.

IV. Review and Modification of the Investment Policies

The Investment Committee reviews the *Investment Policies* annually in light of changing circumstances and conditions and may make recommendations for changes. Changes to the general policies and guidelines are approved by the First Presidency and Presiding Bishopric. Changes to the addendums containing specific manager guidelines are approved by the Presiding Bishopric.

V. Guidelines for Interpreting Current ESG Investment Policies

The implementation of these guidelines will be accomplished through a cooperative effort involving the Presiding Bishopric, the Investment Committee, staff of the International Headquarters, the investment consultant, and investment managers. The participation of investment managers in implementing these guidelines will necessitate that they be given metrics for identifying compliance. Compliance monitoring of a more subjective nature will be the responsibility of the other participants.

A. Activities of companies in which church funds are invested

1. It is a goal of these investment policies that investments are made in those companies or other entities (hereafter companies) which, in the judgment of the Presiding Bishopric or its designees, meet the following criteria:

    a. Companies conduct business activities in a legal and ethical manner consistent with church principles and in accordance with World Conference Resolutions (see Appendix D in Section B).
    b. Their activities are compatible with a healthy, reasonable life ethic that upholds the human rights of persons and concepts of peace and justice.
    c. Their activities are compatible with a society where economic life and protection of environment work together to sustain life on the planet.

2. Following are examples of activities that are generally acceptable for investment purposes. The list is not intended to be all-inclusive:

    a. Health care facilities and pharmaceutical companies.
    b. Communication and technology industries.
    c. Recycling, biodegradable products, and eco-efficient companies.
    d. Financial entities.

3. The following types of companies/activities are not acceptable for investment purposes:

    a. Tobacco companies.
    b. Distilleries, breweries, and wineries.
    c. Gambling/casinos.
    d. Creators or purveyors of pornographic materials.
    e. Environmentally or financially irresponsible companies.
    f. Manufacturers in defense industry, particularly armaments, weapons, and munitions.

B. Criteria for investment

1. Investments may be made in a company or entity if the primary activities of that company are acceptable and if, in the judgment of the Presiding Bishopric or its designees, it has unacceptable activities that comprise less than 20 percent of its total revenue. Examples of situations where this may occur include, but are not limited to, to the following:

    a. Tobacco and alcoholic beverages sold in grocery stores and restaurants.
    b. Pornography sold in bookstores or convenience stores.
    c. Gambling arcades in major discount chains.

2. Investments may be made in companies that engage in activities considered acceptable, **but** that have customers that engage in activities that are not acceptable. Example: A utility company (acceptable activity) that sells power to a tobacco company.

3. If the activities of a company or other entity in which church funds are already invested are found to be in conflict with these policies, no additional funds will be invested. Efforts to promote change and accountability through shareholder activism, direct company dialogue, and/or proxy voting may be initiated. (See the Appendices section for more information and useful tools on this subject.) If such efforts do not succeed in a timely manner, existing investments will be liquidated as early as practicable.

C. It is a goal of these investment policies that the Presiding Bishopric does not invest in companies that, in the judgment of the Presiding Bishopric or its designees, engage in any of the following:

1. Activities that are offensive to a significant number of the church membership.

2. Activities that are disrespectful of or incompatible with responsible environmental, social, and moral practices.

3. Companies or other entities that are degrading to human life in production/distribution of goods and services.

D. Exception for some asset classes

1. The Presiding Bishopric may choose to add asset classes to the church's portfolio for which it is not possible to apply these investment guidelines on a company by company basis. (Example: commingled funds)

2. Such asset classes through vehicles such as commingled funds, mutual fund, Exchange-Traded Funds (ETFs), index funds are acceptable as long as the allocation within each fund to unacceptable activities does not cumulatively exceed 15 percent.

3. It is the intent of the Presiding Bishopric, working with the investment consultant, to annually survey the commingled funds to ensure that the 15 percent rule in 2) above is not being exceeded.

VI. Metrics for Monitoring/Reporting on the Implementation of General Investment Policies

To sustain dynamic and faithful stewardship, accountability and monitoring is required of the Presiding Bishopric, its designees within the Investment Committee, staff of the International Headquarters, the consultant, and investment managers. The metrics include (1) investment results being reported on an annual basis and (2) continual efforts to improve and enhance reporting as related to investment policies, guidelines, and metrics.

Section B *Additional Guidelines for Adopting and Implementing Evolving Environmental, Social, and Corporate Governance Investment Policies*

The Presiding Bishopric has embraced the growing trend among institutional investors to incorporate in their investment policies criteria related to the humane treatment of people, the preservation of the environment, and the ethical behavior of companies in which they invest. Today, the recognized term for these collective social issues is *Environmental, Social and Corporate Governance (ESG)*. Unfortunately, there are currently no formal standardized criteria for monitoring and measuring ESG compliance. The Presiding Bishopric is committed to being proactive and visionary in the adoption and implementation of ESG standards as they evolve.

I. General Guidelines on Environmental, Social, and Corporate Governance (ESG) Policies

A. In considering investments, the Presiding Bishopric is sensitive to both the letter and intent of World Conference Resolutions (see Appendix D in Section B), and the desire of the Community of Christ membership that the church invest in companies with ethical environmental, social, and corporate governance practices.

B. Embarking upon investment policies that are at the leading edge of the industry calls for the Presiding Bishopric to allow flexibility, yet expect evolving compliance as ESG principles become practiced reality. It is anticipated ESG policies are to be adopted/ adapted and implemented over time as clarity of ESG applications to institutional investing produce feasible and effective tools, metrics, and methodologies.

C. With that intent, the following are visionary guidelines presented in similar format to the current investment policies in effect.

II. Guidelines for Interpreting Evolving ESG Policies

The implementation of these guidelines are to be accomplished through a cooperative effort involving the Presiding Bishopric, the Investment Committee, staff of the International Headquarters, the investment consultant, and investment managers. The participation of investment managers in implementing these guidelines will necessitate that they be given metrics for identifying compliance. Compliance monitoring of a more subjective nature will be the responsibility of the other participants.

A. The Presiding Bishopric endeavors to invest in companies or other entities which, in the judgment of the Presiding Bishopric or its designees, meet the following criteria:

1. Environmentally, they demonstrate a high awareness of and strive towards products, operations, and distribution processes that are environmentally friendly, leaving a minimal footprint, thereby promoting sustainability for the earth and its inhabitants.
   Examples include, but are not limited to, the following:

   a. Recycles with a focus on green and sustainable products and processes.
   b. Emphasizes clean water and air.
   c. Respects limited resources and utilities.
   d. Proactively addresses global warming challenges.
   e. Advocates environmentally friendly policies.

2. Socially, they convey a high respect for, promote, and implement internationally recognized human rights standards. Examples of such practices include the following:

   a. Human resource policies that support and encourage healthy family life.
   b. Access to health care for all persons.
   c. Active involvement in strengthening communities.
   d. Alignment with concepts of justice and peace.

3. Corporately, they uphold financial, social, and ethical standards through governance structures. Examples of such practices include the following:

   a. Integrity and transparency in all business and financial processes with shareholders and community stakeholders.
   b. Collaborative and open dialogue regarding current issues and resolutions.
   c. Strong board independence, diversity, accountability, and responsibility.
   d. Strong policies in all areas of environmental, social, and corporate governance.

B. The Presiding Bishopric endeavors not to invest in companies which, in the judgment of the Presiding Bishopric or its designees, engage in any of the following practices:

1. Environmentally, they produce products, conduct operations, or follow distribution processes that are highly toxic to the environment. Examples of such negative environmental practices include, but are not limited to, the following:

a. Knowingly violate the current legal standards regarding the pollution of air and water.
b. Blatantly disrespect environmentally friendly products and processes.

2. Socially, they produce products, conduct operations, or follow distribution processes that are harmful to persons. Examples of such activities include, but are not limited to, the following:

    a. Manufactures defense industry equipment, such as armaments, weapons, or munitions. While the current investment policy applies to the entire defense industry, as methods become available to better classify and separate products designed for aggression from products designed for legitimate defense, the blanket prohibition against defense industry investments may be amended. In the future, for example, it may be acceptable to invest church funds in defense products, such as radar systems and body armor, designed to protect people/countries from assault.
    b. Supports or uses child labor and sweatshops.
    c. Generates tobacco, alcohol, gaming, or pornography.

3. Corporately, they demonstrate financial, social, and ethical governance irregularities. Examples of unacceptable corporate governance include, but are not limited to, the following:

    a. Detrimental human resource policies.
    b. Lack of integrity in financial reporting.
    c. Blatant workers' rights violations.
    d. Overt discrimination policies.
    e. Conflicts of interest.

4. If the activities of a company or other entity in which church funds are already invested are found to be in conflict with these policies, no additional funds will be invested. Efforts to promote change and accountability through shareholder activism, direct company dialogue, and/or proxy voting may be initiated. (See the Appendices section for more information and useful tools on this subject.) If such efforts do not succeed in a timely manner, existing investments will be liquidated as early as practicable.

III. Metrics for Monitoring and Reporting on Evolving ESG Investment Policies

A. ESG metrics are set forth in these policies with the understanding that the Presiding Bishopric intends to work cooperatively with the consultant and investment managers to identify additional, meaningful metrics relevant to ESG investing as knowledge and application of the new principles unfold.

B. The Presiding Bishopric, in consultation with the investment consultant and investment managers, will determine the proper source of independent measurements to be used for compliance with the intent of these policies. Compliance is required only when such metrics for monitoring and reporting are available and acceptable to the Presiding Bishopric.

C. The Presiding Bishopric, however, does hold the following preliminary expectations of all investment managers:

1. Investment managers are to be alert to the evolving ESG field.

2. Investment managers are to avail themselves of ESG tools, metrics, and analyses as such industry measures become available. (For more information, see Appendix B, Organizations and Resources Available to Assist with ESG Screening and Metrics, in Section B.)

3. Investment managers are to report at least once a year on the progress made toward identifying and implementing ESG practices.

4. Investment managers are to notify the Presiding Bishopric and Investment Committee immediately upon becoming aware of any potential ESG issues within the portfolio as well as their response and action to such issues.

D. An ESG member may be designated on the Investment Committee for the purposes of (1) keeping apprised of and engaging in collaborative engagement efforts, such as support for shareholder activism, and (2) assisting in the monitoring of the ESG industry's growth, tools, and activities. (See Appendix A, Roles and Responsibilities of Designated ESG Investment Committee Member, in Section B.)

E. In the future, it is anticipated that as the ability to implement ESG policies increases, third-party investment managers will be able to report to the Presiding Bishopric and the Investment Committee in the following manner:

1. Annual Reports. Written reports are to include a brief paragraph in the Market Commentary section on ESG. Such paragraphs shall speak to the market's awareness, adaptation, and other issues regarding ESG.

2. ESG Investment Ideas. Third-party investment managers are to bring new ideas, as they arise, to the Presiding Bishopric and Investment Committee that promote and enhance ESG.

F. Proxy Votes. The execution of all proxy vote ballots shall be consistent with the policies and guidelines of this document. It is acceptable to the Presiding Bishopric for investment managers to outsource proxy voting to Institutional Shareholder Services (ISS). Investment managers may request the Presiding Bishopric to authorize other proxy voting outsource providers.

1. Third-party investment managers are to vote, within the guidelines of this document, on behalf of the Community of Christ.

2. The Presiding Bishopric retains the right to review all proxy votes and provide redirection for future ballots, recognizing that commingled funds must be handled differently, and therefore, placed under their discretion.

3. Special attention shall be given to ESG issues when extending proxy votes to ensure that the votes are aligned with and express the values of these policies.

4. Third-party investment managers are to report annually, or as needed, on proxy votes and any potential violations or issues.

IV. Conclusion

A. The Presiding Bishopric and the Investment Committee are committed to maturing and evolving in its investment practices as related to ESG issues and principles, recognizing that at the current time some asset classes may be difficult to align with the ESG guidelines and thus require flexibility until those classes develop ESG awareness.

B. Monitoring and reporting shall be reviewed annually, or as needed, for potential improvements and enhancements.

Appendix A

Roles and Responsibilities of Designated ESG Investment Committee Member

The term, roles, and responsibilities of this committee member may include all or some of the responsibilities of other members along with the following specific ESG responsibilities:

A. Raise awareness. Examine ESG issues and raise awareness by bringing brief reports to the Presiding Bishopric and Investment Committee.

B. Human Rights Liaison. With consent of the Human Rights Committee Chair, the designated ESG would serve as liaison between the Investment Committee, Presiding Bishopric, and the Human Rights Committee sharing information, issues, concerns, and the evolution of ESG.

The following additional responsibilities that may be assigned to the designated ESG member and/or other committee members as deemed appropriate according to members' skills, availability, and interests.

C. Interfaith Center for Corporate Responsibility (ICCR) representation. Be an active participant, or co-participant with another committee member, by dedicating the time required monthly to ICCR or other similar organizations on behalf of the Community of Christ, thereby promoting and enhancing awareness of ESG issues.

D. Proxy votes. Assist the committee, chair, and/or Presiding Bishopric to monitor proxy votes as reported quarterly by third-party investment managers on behalf of the Community of Christ. Bring violations or relevant issues to the Presiding Bishopric and Investment Committee on an annual or as needed basis.

Appendix B

Organizations and Resources Available to Assist with ESG Screening and Metrics

<u>ESG Screening Organizations</u>

Institutional Shareholder Services (ISS)
History: Founded in 1985, Institutional Shareholder Services (ISS) is the world's leading provider of proxy voting and corporate governance solutions to the institutional marketplace. ISS serves clients worldwide with its core business—analyzing proxies and issuing informed impartial research and objective vote recommendations for more than 35,000 companies across 115 markets worldwide. The mission of ISS is to provide corporate governance solutions that enhance the interaction between shareholders/companies, to help shareholders manage risk/drive value. In April 2014, Vestar Capital Partners acquired ISS from its former parent, MSCI, Inc. ISS now operates independently and the ISS executive team in place before the acquisition remains in place.

MSCI ESG Research
MSCI ESG Research (MSCI) provides in-depth research, ratings and analysis of the environmental, social and governance-related business practices of thousands of companies worldwide. MSCI has at least 40 years of combined experience in ESG through legacy firms KLD, Innovest, IRRC, and GMI Ratings. Products and services are used by institutional investors to integrate ESG factors into their investment processes. MSCI also provides both equity and fixed income ESG indexes for institutional investors adhering to ESG investment strategies.

*** LSV uses MSCI for equity investments.

For more information, see the website at https://www.msci.com/esg-integration.

Social Investment Forum (SIF)
The Social Investment Forum is a national nonprofit membership organization promoting the concept, practice, and growth of socially responsible investing (SRI). The website offers comprehensive information, contacts, and resources on socially responsible investing. http://www.socialinvest.org/

Three key SRI strategies evolved over the years: *Screening*, *Shareholder Advocacy*, *Community Investment* and *Social Venture Capital*, which is a type of screening. SIF offers a guide containing information on each of these strategies and practical ways for investors to get involved http://www.socialinvest.org/resources/sriguide/.

Screening website is at http://www.socialinvest.org/resources/mfpc/screening.cfm.
Here is an example that shows social screens charted by investment company and labeled *No Investment*, *Positive Investment*, and *Restricted Investment*. While it is not an exhaustive list of companies, it seems like an excellent, succinct method of presenting SRI screen information. The icon to the far right displays the SRI details.

Shareholder Advocacy website is at http://www.socialinvest.org/projects/advocacy/.

Buying Influence, Inc.
Buying Influence, Inc. is a non-profit organization which was founded for the purpose of influencing more socially responsible business decisions by publicly traded corporations. It screens and scores major corporations' response to overall corporate practices, board diversity, and the inclusion of women and minorities—corporate governance issues. To date, the data reviews and grades more than 60 major corporations in a broad range of industries. http://www.buyinginfluence.com/display.php?t=14.

Research on Socially Responsible Investing

Studies of Socially Responsible Investing
Welcome to sristudies.org, a resource for investment professionals, academics, and other people interested in the quantitative aspects of socially responsible investing (SRI). Here (in chronological order), are nineteen studies that every practitioner of SRI should know about from 1997 to 2008 http://www.sristudies.org/Key+Studies.

Social Investment Forum Research Reports http://www.socialinvest.org/resources/research/
The Social Investment Forum conducts and sponsors a range of research on issues about socially responsible investment. Online are reports from 1995 to 2008.

More on Socially Responsible Investment

Question: Does Social Screening Hurt Investment Performance?
Many studies have examined whether the application of social screens hurts investment performance. To date, there is no evidence to suggest that social screening - all other factors being equal - hurts financial returns. In fact, a growing number of studies suggest that screening may improve performance.

Trillium Asset Management: Example of a Socially Responsible Investment Firm

For over twenty years, Trillium Asset Management Corporation has been the leader in socially responsible investing. They are guided by a belief that active investing can offer good returns to the investor, while also promoting social and economic justice. Trillium Asset Management is an independent employee- and women-owned firm, dedicated to professional, high quality, individualized service for their valued clients. They achieve this through an integrated approach that includes screening, shareholder advocacy, proxy voting, opportunities for community investing, and public policy involvement. Their three components of sustainability include healthy environment, social justice, and sound, healthy economy. http://www.trilliuminvest.com/about/

Many studies have examined whether the application of social screens hurts investment performance. To date, there is no evidence to suggest that social screening - all other factors being equal - hurts financial returns. In fact, a growing number of studies suggest that screening may improve performance.

Appendix C

The Principles for Responsible Investment (PRI)

An initiative of the UN Secretary-General implemented by UNEP Finance Initiative and the UN Global Compact

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognize that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

1) We will incorporate ESG issues into investment analysis and decision-making processes.

Possible actions:

- Address ESG issues in investment policy statements
- Support development of ESG-related tools, metrics, and analyses
- Assess the capabilities of internal investment managers to incorporate ESG issues
- Assess the capabilities of external investment managers to incorporate ESG issues
- Ask investment service providers (such as financial analysts, consultants, brokers, research firms, or rating companies) to integrate ESG factors into evolving research and analysis
- Encourage academic and other research on this theme
- Advocate ESG training for investment professionals

2) We will be active owners and incorporate ESG issues into our ownership policies and practices.

Possible actions:

- Develop and disclose an active ownership policy consistent with the Principles
- Exercise voting rights or monitor compliance with voting policy (if outsourced)
- Develop an engagement capability (either directly or through outsourcing)
- Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights)
- File shareholder resolutions consistent with long-term ESG considerations
- Engage with companies on ESG issues
- Participate in collaborative engagement initiatives
- Ask investment managers to undertake and report on ESG-related engagement

3) We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Possible actions:

- Ask for standardized reporting on ESG issues (using tools such as the Global Reporting Initiative)
- Ask for ESG issues to be integrated within annual financial reports
- Ask for information from companies regarding adoption of/adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact)
- Support shareholder initiatives and resolutions promoting ESG disclosure

4) We will promote acceptance and implementation of the Principles within the investment industry.

Possible actions:

- Include Principles-related requirements in requests for proposals (RFPs)
- Align investment mandates, monitoring procedures, performance indicators and incentive structures accordingly (for example, ensure investment management processes reflect long-term time horizons when appropriate)
- Communicate ESG expectations to investment service providers
- Revisit relationships with service providers that fail to meet ESG expectations
- Support the development of tools for benchmarking ESG integration
- Support regulatory or policy developments that enable implementation of the Principles

5) We will work together to enhance our effectiveness in implementing the Principles.

Possible actions:

- Support/participate in networks and information platforms to share tools, pool resources, and make use of investor reporting as a source of learning
- Collectively address relevant emerging issues
- Develop or support appropriate collaborative initiatives

6) We will each report on our activities and progress towards implementing the Principles.

Possible actions:

- Disclose how ESG issues are integrated within investment practices
- Disclose active ownership activities (voting, engagement, and/or policy dialogue)
- Disclose what is required from service providers in relation to the Principles
- Communicate with beneficiaries about ESG issues and the Principles

- Report on progress and/or achievements relating to the Principles using a 'Comply or Explain'[1] approach
- Seek to determine the impact of the Principles
- Make use of reporting to raise awareness among a broader group of stakeholders

[1]The Comply or Explain approach requires signatories to report on how they implement the Principles, or provide an explanation where they do not comply with them.

The Principles for Responsible Investment were developed by an international group of institutional investors reflecting the increasing relevance of environmental, social and corporate governance issues to investment practices. The process was convened by the United Nations Secretary-General.

In signing the Principles, we as investors publicly commit to adopt and implement them, where consistent with our fiduciary responsibilities. We also commit to evaluate the effectiveness and improve the content of the Principles over time. We believe this will improve our ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society. We encourage other investors to adopt the Principles.

http://www.unpri.org/principles/

Appendix D

Relevant World Conference Resolutions

The following are World Conference Resolutions that relate to Socially Responsibly Investing. (1990 Edition of Rules and Resolutions)

1177: Peace (1982)

"….IV. We, as a church, urge nations toward responsible reduction of the instruments of mass destruction. It is the urgent and sobering obligation of persons of goodwill to influence individuals, organizations, and governments everywhere toward this end….."

1178: Nuclear Arms Reduction (1982)

"….we, as a church, through appropriate administrative representatives at every jurisdictional level…shall inform the appropriate governmental officials of the need for responsible reduction and eventual elimination of nuclear armament; and be it further
Resolved, that we, as a church, encourage our people to set aside one day per month to pray and fast for peace and disarmament; and be it further…
Resolved, that we, as a church, join with other organizations that are constructively promoting a reduction of instruments of mass destruction."

1264: World Church Financial Policy (2000)

World Church Financial Philosophy

The church, as a prophetic witness, called to be a worldwide church dedicated to the pursuit of peace, reconciliation, and healing of the spirit, will align its financial resources to fulfill its mission to proclaim Jesus Christ and promote communities of joy, hope, love, and peace.

World Church Financial Principles

Implementation of the World Church Financial Policy will

a. **reflect** the basic understanding of the disciple as steward accountable to God in the context of community and creation;
b. **celebrate** all gifts given in response to the ministry of Jesus Christ;
c. **recognize** that disciples' offerings are the foundational source of funding for church mission;
d. **combine** visionary leadership with the participation and common consent of a prophetic people;
e. **respond** to the scriptural witness of God's generosity by utilizing church assets flexibly, efficiently, and in a manner that maximizes impact on mission;
f. **provide** a strong financial foundation on which future generations of the church can build;
g. **operate** in a manner consistent with applicable laws and policies of both church and government; and
h. **require** wisdom, planning, and prudence.

Section C — Guidelines and Procedures for the Investment of World Church Funds

I. Objectives

The goal of the Presiding Bishopric is to support the current operations of the Church through a flow of interest and dividend income and to support future operations through interest income and a growing flow of dividends and capital gains. Ideally, this will preserve the current purchasing power of the Church's investment funds without putting the principal value of these funds at imprudent risk.

II. Policies

A. Diversification of assets will ensure that adverse or unexpected results from a security class will not have an excessively detrimental impact on the entire portfolio. Diversification is interpreted to include diversification by asset type, by performance and risk characteristic, by number of investments and, if appropriate, by investment styles of the management organizations.

B. Asset classes and ranges considered appropriate for investment of Church assets are determined by the Presiding Bishopric, taking into consideration the input from the Investment Committee, the investment consultant and administration, the specific attributes of the investment manager and implementation guidelines detailed herein.

C. Investment management may be delegated to specialists. Such manager(s) will operate within a set of guidelines, objectives and constraints which are attached hereto. The Church will follow the policy that, except for established guidelines detailed herein and unusual circumstances, no restrictions will be placed on the selection of individual investments by the Church's investment managers.

D. The investment managers are expected to earn the highest possible rate of return consistent with the risk tolerance of the appropriate investment fund.

III. Guidelines and Procedures for the Specific Funds

A. Balanced Investment Pool

1. Objectives

These guidelines and procedures are for the use of the Presiding Bishopric in investing the resources designated as the "Balanced Investment Pool." Assets in the Balanced Investment Pool include longer-term investments of the Church and investments of affiliates designated to the Balanced Investment Pool.

2. Guidelines

The Presiding Bishopric and Investment Committee will conduct an Asset Allocation Study every three to four years. This Study will include reviewing investment concepts, identifying the appropriate level of risk, determining the appropriate asset classes using both strategic and secular expected returns, standard deviations and correlations. The result of the Study will be asset class targets and ranges for implementation and performance measurement. Based on the last Study, the Presiding Bishopric and Investment Committee adopted the asset allocation guidelines shown below. Percentage allocations are intended to serve as long-term guidelines; market conditions or an investment transition (asset class or manager) may require an interim investment strategy and, therefore, result in a temporary imbalance in asset mix.

a. U.S. large and mid cap equities will represent 10% to 20% of Balanced Investment Pool assets with a target of 15%. U.S. large and mid cap equity investments are limited to those described in the Manager Guidelines, adopted by the Presiding Bishopric and detailed in Addendums II of this document.

b. U.S. small cap equities will represent 5% to 15% of Balanced Investment Pool assets with a target of 10%. U.S. small cap equities are limited to those described in the Manager Guidelines, adopted by the Presiding Bishopric and detailed in Addendum V of this document.

c. Domestic Intermediate Fixed Income will represent 2% to 8% of Balanced Investment Pool assets with a target of 5%. Fixed income investments are limited to those described in the Manager Guidelines, adopted by the Presiding Bishopric and detailed in Addendum III of this document.

d. Fixed income high yield bonds will represent 10% to 20% of the Balanced Investment Pool with a target of 15%. The high yield investments are limited to those described in the Manager Guidelines, adopted by the Presiding Bishopric and detailed in Addendum VII of this document.

e. International non-developed countries fixed income, known as Emerging Markets Debt, will represent 0% to 10% of the Balanced Investment Pool with a target of 5%. Emerging Markets Debt investments are limited to those described in the Manager Guidelines, adopted by the Presiding Bishopric and detailed in Addendum IX of this document.

f. International equities in developed countries will represent 5% to 15% of Balanced Investment Pool with a target of 10%. Non-U.S. equity investments are limited to those described in the Manager Guidelines, adopted by the Presiding Bishopric and detailed in Addendum IV of this document.

g. Non-developed country equities, known as Emerging Markets, will represent 11% to 21% of the Balanced Investment Pool with a target of 16%. Guidelines, adopted by the Presiding Bishopric, for managers who invest entirely in emerging markets securities are detailed in Addendum VIII of this document.

h. Private real estate will represent 12% to 18% of Balanced Investment Pool with a target of 15%. Private real estate investments are limited to those described in the Manager Guidelines, adopted by the Presiding Bishopric and detailed in Addendum VI of this document.

i. Commodity investments will represent 0% to 10% of the Balanced Investment Pool with a target of 5%. Commodity investments are limited to those described in the Manager Guidelines, adopted by the Presiding Bishopric and detailed in Addendum X of this document.

j. Cash Equivalents will represent 0% to 10% of the Balanced Investment Pool assets with a target of 4%. Cash investments are limited to those described in the Manager Guidelines, adopted by the Presiding Bishopric described in Addendum I of this document.

k. Certain Community of Christ managed real estate investments, as opposed to the private real estate allocation managed by an outside money manager, may be held as assets in the fund and may represent from 0% to 20% of Balanced Investment Pool assets. It is the policy of the Presiding Bishopric to analyze the real estate investments of the Church. Certain properties may be reclassified as "investment real estate property" with anticipation of an investment return. In accordance with the General Investment Policy of the Presiding Bishopric for World Church Funds, real estate investments conform to the principle of "Diversification" and will ensure that adverse or unexpected results will not have an excessively detrimental impact on the entire investment portfolio.

l. The posture in respect to risk is to assume a position of lowest risk with maximum total return.

m. ONLY APPLIES IF A TACTICAL ASSET ALLOCATION MANAGER IS NOT USED. At each year's May meeting of the Investment Committee, the actual and target asset allocations will be formally reviewed to determine if action needs to be taken to rebalance any asset classes, especially those that are outside the minimums and maximums, back to the target.

3. Performance

The total return of the Balanced Investment Pool will be measured, using a three-year moving average, against the following benchmarks.

a. An absolute return objective of 8.5%, compounded annually.

b. An unmanaged market index of 15% S&P 500 Index, 10% in Russell 2000 Small Cap Index, 10% MSCI EAFE Index, 16% MSCI Emerging Markets Index, 5% Barclays Aggregate Bond Index, 15% in BofA Merrill Lynch U.S. High Yield Master II Index, 15% NCREIF Index, 5% EMBI Global Diversified Index (EM Debt), 5% Dow Jones Commodity Index and 4% 90-Day Treasury Bills.

c. A relative return objective of the top half of the DeMarche Balanced Manager Universe of 50% equity performance and 50% fixed income performance.

4. Implementation

The Presiding Bishopric and the Investment Committee use tactical asset allocation in the implementation of the Policy. Tactical asset allocation should help protect the portfolio from significant market shifts and add value to the portfolio. In this respect, Discretionary Management Services (DMS) has been authorized to manage the portfolio. An asset allocation study established a target allocation using various asset classes as shown in subsection 2 above. Around these targets, ranges have been identified by the Presiding Bishopric and Investment Committee. DMS is authorized to tactically weight the various asset classes, within their respective ranges, using DMS' expertise in identifying asset classes that may be over or undervalued. DMS is also authorized to replace or add investment managers as appropriate.

DMS' performance will be measured on the factors listed in subsection 3. above along with various factors measuring:

a. Performance in up and down markets

b. Performance on a risk-adjusted basis

c. Performance against a Tactical Asset Allocation peer group

Addendum I ***Community of Christ***
Cash Manager Guidelines

I. *Investment Philosophy*

A. The manager is expected to earn the highest possible total rate of return consistent with the risk tolerance of the Church. The posture in respect to risk for this pool of assets is to assume a position of "very low risk."

B. The manager is subject to the provisions of the Statement of Investment Objectives, Policies and Guidelines, specifically those detailed in the current General Investment Policy, as detailed in Section A of that document, and the Additional Guidelines for Adopting and Implementing Evolving Environmental, Social, and Corporate Governance Investment Policies, as detailed in Section B of that document, both of which have been adopted by the Presiding Bishopric.

II. *Portfolio Guidelines*

A. Cash investments must be rated or have equivalent quality characteristics to those rated at least A-2 and P-2 or BBB.

B. Cash investments must be U.S. dollar denominated unless specific authority to the contrary is given.

C. Cash investments may include money market funds and floating-rate or ultra-short mutual funds, which may fluctuate in price per unit. These funds will be permitted to invest in non-investment grade securities and other security types not previously listed, provided the fund averages a quality rating of A- or better. These funds may invest in maturities exceeding one-year, provided the weighted average fund duration is less than 0.75 years.

D. No more than 5% of the portfolio shall be invested in the obligations of any one issuer except the United States government.

III. *Performance*

A. The return of this fund will be measured, using a three-year moving average, against the following benchmarks:

1. An absolute return objective of the GDP Price Deflator, compounded annually.

2. An unmanaged market index of the 90-Day Treasury Bills.

B. Performance will be reviewed for the preceding three month, year-to-date, one-, three- and five-year periods.

Addendum II — Community of Christ Large Cap Equity Manager Guidelines

I. Investment Philosophy

A. The manager is expected to manage assets in a style similar to the one utilized in their firm over the past three years. Any significant deviation from the manager's stated style will require written approval from the Presiding Bishopric.

B. The manager is expected to earn the highest possible total rate of return consistent with the risk tolerance of the Church. The posture in respect to risk is to assume a position of lowest risk with maximum total return.

II. Portfolio Guidelines

A. Proxies shall be voted by the investment manager. If policy clarification is needed by an investment manager, the Presiding Bishopric should be considered the source for such clarification.

B. Investments may not be made in securities on margin, warrants to purchase stocks, commodities, commodities contracts, real estate, minerals, oils, gas or other mineral exploration or development programs. However, the manager may purchase securities of such companies engaged in any of these activities.

C. The original issue size of the securities selected should be such to afford a high degree of marketability.

D. The manager is subject to the provisions of the Statement of Investment Objectives, Policies and Guidelines, specifically those detailed in the current General Investment Policy, as detailed in Section A of such document, and the Additional Guidelines for Adopting and Implementing Evolving Environmental, Social, and Corporate Governance Investment Policies, as detailed in Section B of such document, both of which have been adopted by the Presiding Bishopric.

III. Equity Guidelines

A. Purchase of shares of stocks that result in an ownership interest in a business entity are permitted. Equity securities include common stock, preferred stock, convertible bonds and convertible stock. Such business entities should have a market capitalization (share price times outstanding shares) above $1 billion.

B. No more than 5% of the voting stock of any one corporation or 7% of the cost value of the portfolio will be invested in any one corporation.

C. The portfolio will not consist of more than 20% of its cost value in any one industry (as defined by the S&P 500 Index).

D. Investments in American Depository Receipts (ADRs) of common stocks of non-U.S. companies listed on one of the major U.S. security exchanges or traded in the national over-the-counter market are permitted.

E. Investments in non-dollar denominated securities are not permitted.

F. Transactions involving stock options are permitted as follows:

   1. Sale of calls and puts if properly covered.

   2. The purchase of calls or puts.

G. Letter stock, short sales, purchases on margin, and warrants to purchase stock are not permitted.

IV. *Performance*

A. The return of this fund will be measured, using a three-year moving average, against the following benchmarks:

1. An absolute return objective of the GDP Price Deflator plus 5%, compounded annually.

2. a. Large Cap Value Manager – The Russell 1000 Value Index

   b. Large Cap Growth Manager - The Russell 1000 Growth Index.

3. a. Large Cap Value Manager – A relative return objective of the top half of the appropriate DeMarche large cap value manager universe.

   b. Large Cap Growth Manager - A relative return objective of the top half of the appropriate DeMarche large cap growth manager universe.

B. Performance will be reviewed for the preceding three month, year-to-date, one-, three- and five-year periods.

V. *Communications*

Communication with the Community of Christ should include, at a minimum, the following:

A. Quarterly written reports presenting investment results achieved over the prior quarter, year-to-date, one-year, three-year and five-year periods. Action taken in the portfolio, the current outlook for the economy and capital markets over the next six to twelve months and the internal investment strategies that have been adopted in response to these expectations.

B. Regular meetings with the Presiding Bishopric and Investment Committee at a date, time, and location determined by them.

C. All pertinent changes within the organizations of the investment managers should be reported as they occur by phone and in writing. Included among these changes, but not limited to, are the following:

1. Change in ownership.
2. Changes in key investment personnel.
3. Changes in areas of responsibility of key personnel.
4. Significant changes in assets gained or lost, as well as clients gained or lost.
5. Changes in investment philosophy, investment process or major strategies.
6. Changes in a compensation benefit program.
7. Introductions of new investment strategies/products or ventures into other businesses.

The investment managers will have the primary responsibility and DeMarche Associates will have the secondary responsibility for notifying the Presiding Bishopric and Investment Committee of any of these changes.

VI. Annual Review

In view of the rapid changes within the capital markets and investment management techniques, these guidelines will be reviewed by the Presiding Bishopric and the Investment Committee at least annually. Exceptions to these guidelines may be made anytime with the approval of the Presiding Bishopric and the Investment Committee.

Addendum III ***Community of Christ***
Fixed Income Manager Guidelines

I. *Investment Philosophy*

A. The manager is expected to manage assets in a style similar to the one utilized in their firm over the past three years. Any significant deviation from the manager's stated style will require written approval from the Presiding Bishopric.

B. The manager is expected to earn the highest possible total rate of return consistent with the risk tolerance of the Church. The risk taken by the portfolio manager should be no greater than that of the Barclays Aggregate Index, measured over rolling three years periods.

II. *Portfolio Guidelines*

A. It is expected that cash and cash equivalents will be used for the primary purpose of providing liquidity. Under most circumstances, cash and cash equivalents should represent less than 10% of the portfolio.

B. Investments may not be made in securities on margin, warrants to purchase stocks, commodities, commodities contracts, real estate, minerals, oils, gas or other mineral exploration or development programs. However, the manager may purchase securities of such companies engaged in any of these activities.

C. The original issue size of the securities selected should be sufficient to afford a high degree of marketability.

D. The manager is subject to the provisions of the Statement of Investment Objectives, Policies and Guidelines, specifically those detailed in the current General Investment Policy, as detailed in Section A of that document, and the Additional Guidelines for Adopting and Implementing Evolving Environmental, Social, and Corporate Governance Investment Policies, as detailed in Section B of that document, both of which have been adopted by the Presiding Bishopric.

III. Fixed Income Guidelines

A. Investment categories that are eligible for purchase:

1. Direct obligations of the United States Treasury including bills, notes, bonds and other securities that carry the full faith and credit of the United States Government.

2. Direct obligations issued by entities that are recognized as agencies of the United States Government.

3. Corporate bonds that are obligations of U.S. corporations; as well as debt issued by foreign corporations and governments that has been registered and marketed under the laws and regulations of the U.S. financial markets.

4. Structured notes (with fixed income characteristics).

5. Mortgage backed securities, including but not limited to collateralized mortgage obligations (that are issued by an agency of the U.S. government or whose underlying assets have been issued by a Federal housing agency), pass through securities and non-agency mortgage backed securities such as but not limited to residential and commercial mortgage backed securities.

6. Asset backed securities that are rated at least AA by Moody's, Fitch or Standard & Poor's.

7. Private placements include (but are not limited to) securities issued under Rule 144A, 4(2) and 3(C)7 commercial paper.

8. Bank loans.

9. Foreign bond issues denominated in the U.S. dollar.

10. Certain derivative instruments including (but are not limited to) such items as Credit Default Swaps, interest rate swaps, total return swaps, treasury futures and option contracts, and mortgage or asset-backed securities such as interest only, principal only and inverse floaters. Premiums on such derivative instruments are limited to no more than 5% of the portfolio. Derivative instruments shall not be used to lever the portfolio, but will be used to manage the duration of the portfolio.

11. Municipal bonds.

12. Trust Preferred Securities and Preferred stock (adjustable rate and convertibles) not to exceed 10% of the fixed income portfolio.

13. Guaranteed investment contracts not to exceed 10% of the fixed income portfolio.*

14. Money market funds.*

15. Investments in items 1-15 in this list (other than #6) shall be governed by the credit rating limitations specified in "III.D." below.

** Only those possessing prior approval by the Presiding Bishopric.*

B. The portfolio shall be prudently diversified by sector and issuer type. No more than five percent of the fixed income portfolio shall be invested in the obligations of any one issuer, except the U.S. government or its agencies.

C. The weighted average option-adjusted duration of the fixed income portfolio shall be limited to a maximum of 8 years. Any single issue is limited to a maximum duration of 15 years.

D. The weighted average portfolio quality must be rated at least A or better by Moody's, Fitch or Standard & Poor's. No more than 20% of the portfolio can be invested in individual securities rated below Baa/BBB by Moody's, Fitch or Standard & Poor's. No individual security may be purchased with a rating below B. Equivalent credit ratings may be assigned to unrated securities by the Investment Manager based on its own credit analysis, as disclosed and described in its Form ADV. When a security receives different ratings from each of the ratings agencies, the Investment Manager may use the highest rating received.

IV. Performance

A. The return of this fund will be measured, using a three-year moving average, against the following benchmarks:

1. An absolute return objective of the GDP Price Deflator plus 3%, compounded annually.

2. An unmanaged market index of the Barclays Aggregate Bond Index.

3. A relative return objective of the top half of the appropriate DeMarche intermediate fixed income manager universe.

B. Performance will be reviewed for the preceding three month, year-to-date, one-, three- and five-year periods.

V. Communications

Communication with the Community of Christ should include, at a minimum, the following:

A. Quarterly written reports presenting investment results achieved over the prior quarter, year-to-date, one-year, three-year and five-year periods. Action taken in the portfolio, the current outlook for the economy and capital markets over the next six to twelve months and the internal investment strategies that have been adopted in response to these expectations.

B. Regular meetings with the Presiding Bishopric and the Investment Committee at a date, time, and location determined by them.

C. All pertinent changes within the organizations of the investment managers should be reported as they occur by phone and in writing. Included among these changes, but not limited to, are the following:

1. Change in ownership.
2. Changes in key investment personnel.
3. Changes in areas of responsibility of key personnel.
4. Significant changes in assets gained or lost, as well as clients gained or lost.
5. Changes in investment philosophy, investment process or major strategies.
6. Changes in a compensation benefit program.
7. Introductions of new investment strategies/products or ventures into other businesses.

The investment managers will have the primary responsibility and DeMarche Associates will have the secondary responsibility for notifying the Presiding Bishopric and Investment Committee of any of these changes.

VI. Annual Review

In view of the rapid changes within the capital markets and investment management techniques, these guidelines will be reviewed by the Presiding Bishopric and the Investment Committee at least annually. Exceptions to these guidelines may be made anytime with the approval of the Presiding Bishopric and the Investment Committee.

Addendum IV *Community of Christ International Equity Manager Guidelines*

I. *Investment Philosophy*

A. The manager is expected to manage assets in a style similar to the one utilized in their firm over the past three years. Any significant deviation from the manager's stated style will require written approval from the Presiding Bishopric.

B. The manager is expected to earn the highest possible total rate of return consistent with the risk tolerance of the Church. The posture in respect to risk is to assume a position of lowest risk with maximum total return.

II. *Portfolio Guidelines*

A. Since assets are invested in a commingled fund, the Presiding Bishopric and Investment Committee expect the manager to adhere to the stated guidelines for the fund. Any deviations from the current investment guidelines should be communicated to the Presiding Bishopric in writing with reasons for the deviation prior to said change.

B. The manager will broadly diversify across country markets generally utilizing medium to large capitalization companies. Occasional investment in small capitalization companies is tolerated, but should not be more than 5% of the portfolio. The manager should use prudence and reasonable good judgment in regard to country weightings. No more than 20% should be allocated to investments in emerging markets. The 5% and 20% limitations discussed above will not apply to any dedicated emerging markets allocations made to the manager.

C. It is understood that the manager, as a matter of business principle, will not invest in alcohol, gambling, tobacco or pornography related stocks. Any changes with regard to this principle should be immediately communicated to the Presiding Bishopric.

III. Performance

A. The return of this fund will be measured, using a three-year moving average, against the following benchmarks:

1. An absolute return objective of the GDP Price Deflator plus 5%, compounded annually.
2. a. An unmanaged market index of the MSCI All Country World ex U.S. Index or MSCI EAFE Index, whichever is applicable to the manager.

   b. For any dedicated emerging markets allocation, the MSCI Emerging Markets Index.
3. A relative return objective of the top half of the appropriate DeMarche international equity manager universe.

B. Performance will be reviewed for the preceding three month, year-to-date, one-, three- and five-year periods.

IV. Communications

Communication with the Community of Christ should include, at a minimum, the following:

A. Quarterly written reports presenting investment results achieved over the prior quarter, year-to-date, one-year, three-year and five-year periods. Action taken in the portfolio, the current outlook for the economy and capital markets over the next six to twelve months and the internal investment strategies that have been adopted in response to these expectations.

B. Regular meetings with the Presiding Bishopric and the Investment Committee at a date, time, and location determined by them.

C. All pertinent changes within the organizations of the investment managers should be reported as they occur by phone and in writing. Included among these changes, but not limited to, are the following:

1. Change in ownership.
2. Changes in key investment personnel.
3. Changes in areas of responsibility of key personnel.
4. Significant changes in assets gained or lost, as well as clients gained or lost.
5. Changes in investment philosophy, investment process or major strategies.
6. Changes in a compensation benefit program.
7. Introductions of new investment strategies/products or ventures into other businesses.

The investment managers will have the primary responsibility and DeMarche Associates will have the secondary responsibility for notifying the Presiding Bishopric and Investment Committee of any of these changes.

V. Annual Review

In view of the rapid changes within the capital markets and investment management techniques, these guidelines will be reviewed by the Presiding Bishopric and the Investment Committee at least annually. Exceptions to these guidelines may be made anytime with the approval of the Presiding Bishopric and the Investment Committee.

Addendum V ***Community of Christ***
Small Cap Equity Manager Guidelines

I. Investment Philosophy

A. The manager is expected to manage assets in a style similar to the one utilized in their firm over the past three years. Any significant deviation from the manager's stated style will require written approval from the Presiding Bishopric.

B. The manager is expected to earn the highest possible total rate of return consistent with the risk tolerance of the Church. The posture in respect to risk is to assume a position of lowest risk with maximum total return.

II. Portfolio Guidelines

A. Proxies shall be voted by the investment manager. If policy clarification is needed by an investment manager, the Presiding Bishopric should be considered the source for such clarification.

B. Investments may not be made in securities on margin, warrants to purchase stocks, commodities, commodities contracts, real estate, minerals, oils, gas or other mineral exploration or development programs. However, the manager may purchase securities of such companies engaged in any of these activities.

C. The original issue size of the securities selected should be such to afford a high degree of marketability.

D. The manager is subject to the provisions of the Statement of Investment Objectives, Policies and Guidelines, specifically those detailed in the current General Investment Policy, as detailed in Section A of that document, and the Additional Guidelines for Adopting and Implementing Evolving Environmental, Social, and Corporate Governance Investment Policies, as detailed in Section B of that document, both of which have been adopted by the Presiding Bishopric.

III. Equity Guidelines

A. Purchase of shares of stocks that result in an ownership interest in a business entity are permitted. Equity securities include common stock, preferred stock, convertible bonds and convertible stock. Such business entities should have a market capitalization (share price times outstanding shares) below $10 billion.

B. No more than 5% of the voting stock of any one corporation or 7% of the cost value of the portfolio will be invested in any one corporation.

C. The portfolio will not consist of more than 20% of its cost value in any one industry (as defined by the Russell 2000 Index).

D. Investments in American Depository Receipts (ADRs) of common stocks of non-U.S. companies listed on one of the major U.S. security exchanges or traded in the national over-the-counter market are permitted.

E. Investments in non-dollar denominated securities are not permitted.

F. Transactions involving stock options are permitted as follows:

   1. Sale of calls and puts if properly covered.

   2. The purchase of calls or puts.

G. Letter stock, short sales, purchases on margin, and warrants to purchase stock are not permitted.

IV. *Performance*

A. The return of this fund will be measured, using a three-year moving average, against the following benchmarks:

1. An absolute return objective of the GDP Price Deflator plus 5%, compounded annually.

2. a. Small Cap Value Manager – The Russell 2000 Value Index

   b. Small Cap Growth Manager – The Russell 2000 Growth Index

3. a. Small Cap Value Manager – A relative return objective of the top half of the appropriate DeMarche small cap value manager universe.

   b. Small Cap Growth Manager – A relative return objective of the top half of the appropriate DeMarche small cap growth manager universe.

B. Performance will be reviewed for the preceding three month, year-to-date, one-, three- and five-year periods.

V. *Communications*

Communication with the Community of Christ should include, at a minimum, the following:

A. Quarterly written reports presenting investment results achieved over the prior quarter, year-to-date, one-year, three-year and five-year periods. Action taken in the portfolio, the current outlook for the economy and capital markets over the next six to twelve months and the internal investment strategies that have been adopted in response to these expectations.

B. Regular meetings with the Presiding Bishopric and the Investment Committee at a date, time, and location determined by them.

C. All pertinent changes within the organizations of the investment managers should be reported as they occur by phone and in writing. Included among these changes, but not limited to, are the following:

1. Change in ownership.
2. Changes in key investment personnel.
3. Changes in areas of responsibility of key personnel.
4. Significant changes in assets gained or lost, as well as clients gained or lost.
5. Changes in investment philosophy, investment process or major strategies.
6. Changes in a compensation benefit program.
7. Introductions of new investment strategies/products or ventures into other businesses.

The investment managers will have the primary responsibility and DeMarche Associates will have the secondary responsibility for notifying the Presiding Bishopric and Investment Committee of any of these changes.

VI. Annual Review

In view of the rapid changes within the capital markets and investment management techniques, these guidelines will be reviewed by the Presiding Bishopric and the Investment Committee at least annually. Exceptions to these guidelines may be made anytime with the approval of the Presiding Bishopric and the Investment Committee.

Addendum VI — Community of Christ Private Real Estate Manager Guidelines

I. *Investment Philosophy*

A. The manager is expected to manage assets in a style similar to the one utilized in their firm over the past three years. Any significant deviation from the manager's stated style will require written approval from the Presiding Bishopric.

B. The manager is expected to earn the highest possible total rate of return consistent with the risk tolerance of the Church. The posture in respect to risk is to assume a position of lowest risk with maximum total return.

II. *Portfolio Guidelines*

A. Since assets are invested in a commingled fund, the Presiding Bishopric and Investment Committee expect the manager to adhere to the stated guidelines for the fund. Any deviations from the current investment guidelines should be communicated to the Presiding Bishopric in writing with reasons for the deviation prior to said change.

B. The manager will broadly diversify across geographic and property type sectors.

C. Leverage used in the portfolio will be limited to 30% or less.

D. It is understood that the manager, as a matter of business principle, will not purchase a building whose sole use is alcohol, gambling, tobacco or pornography. Any changes with regard to this principle should be immediately communicated to the Presiding Bishopric.

III. *Performance*

A. The return of this fund will be measured, using a three-year moving average, against the following benchmarks:

1. An absolute return objective of 10%, compounded annually.
2. An unmanaged market index of the NCREIF Index over three years and NCREIF OCDE Index over shorter time periods.
3. A relative return objective of the top half of the appropriate DeMarche real estate manager universe.

B. Performance will be reviewed for the preceding three month, year-to-date, one-, three- and five-year periods.

IV. Communications

Communication with the Community of Christ should include, at a minimum, the following:

A. Quarterly written reports presenting investment results achieved over the prior quarter, year-to-date, one-year, three-year and five-year periods. Action taken in the portfolio, the current outlook for the economy and capital markets over the next six to twelve months and the internal investment strategies that have been adopted in response to these expectations.

B. Regular meetings with the Presiding Bishopric and the Investment Committee at a date, time, and location determined by them.

C. All pertinent changes within the organizations of the investment managers should be reported as they occur by phone and in writing. Included among these changes, but not limited to, are the following:

   1. Change in ownership.
   2. Changes in key investment personnel.
   3. Changes in areas of responsibility of key personnel.
   4. Significant changes in assets gained or lost, as well as clients gained or lost.
   5. Changes in investment philosophy, investment process or major strategies.
   6. Changes in a compensation benefit program.
   7. Introductions of new investment strategies/products or ventures into other businesses.

   The investment managers will have the primary responsibility and DeMarche Associates will have the secondary responsibility for notifying the Presiding Bishopric and Investment Committee of any of these changes.

V. Annual Review

In view of the rapid changes within the capital markets and investment management techniques, these guidelines will be reviewed by the Presiding Bishopric and the Investment Committee at least annually. Exceptions to these guidelines may be made anytime with the approval of the Presiding Bishopric and the Investment Committee.

Addendum VII ***Community of Christ***
High Yield Manager Guidelines

I. Investment Philosophy

A. The manager is expected to manage assets in a style similar to the one utilized in their firm over the past three years. Any significant deviation from the manager's stated style will require written approval from the Presiding Bishopric.

B. The manager is expected to earn the highest possible total rate of return consistent with the risk tolerance of the Church. The risk taken by the portfolio manager should be no greater than that of the BofA Merrill Lynch U.S. High Yield Master II Index, measured over rolling three years periods.

II. Portfolio Guidelines

A. It is expected that cash and cash equivalents will be used for the primary purpose of providing liquidity. Under most circumstances, cash and cash equivalents should represent less than 10% of the portfolio.

B. Investments may not be made in securities on margin, warrants to purchase stocks, commodities, commodities contracts, real estate, minerals, oils, gas or other mineral exploration or development programs. However, the manager may purchase securities of such companies engaged in any of these activities.

C. The original issue size of the securities selected should be sufficient to afford a high degree of marketability.

D. The manager is subject to the provisions of the Statement of Investment Objectives, Policies and Guidelines, specifically those detailed in the current General Investment Policy, as detailed in Section A of that document, and the Additional Guidelines for Adopting and Implementing Evolving Environmental, Social, and Corporate Governance Investment Policies, as detailed in Section B of that document, both of which have been adopted by the Presiding Bishopric.

III. Fixed Income Guidelines

A. Investment categories that are eligible for purchase:

1. Direct obligations of the United States Treasury including bills, notes, bonds and other securities that carry the full faith and credit of the United States Government.

2. Direct obligations issued by entities that are recognized as agencies of the United States Government.

3. Corporate bonds that are obligations of U.S. corporations; as well as debt issued by foreign corporations and governments that has been registered and marketed under the laws and regulations of the U.S. financial markets.

4. Structured notes (with fixed income characteristics).

5. Mortgage backed securities, including but not limited to collateralized mortgage obligations (that are issued by an agency of the U.S. government or whose underlying assets have been issued by a Federal housing agency), pass through securities and non-agency mortgage backed securities such as but not limited to residential and commercial mortgage backed securities.

6. Asset backed securities.

7. Private placements include (but are not limited to) securities issued under Rule 144A, 4(2) and 3(C)7 commercial paper.

8. Bank loans.

9. Foreign bond issues denominated in the U.S. dollar.

10. Certain derivative instruments including (but are not limited to) such items as Credit Default Swaps, interest rate swaps, total return swaps, treasury futures and option contracts, and mortgage or asset-backed securities such as interest only, principal only and inverse floaters. Premiums on such derivative instruments are limited to no more than 5% of the portfolio. Derivative instruments shall not be used to lever the portfolio, but will be used to manage the duration of the portfolio.

11. Municipal bonds.

12. Trust Preferred Securities and Preferred stock (adjustable rate and convertibles) not to exceed 10% of the fixed income portfolio.

13. Guaranteed investment contracts not to exceed 10% of the fixed income portfolio.*

14. Money market funds.*

** Only those possessing prior approval by the Presiding Bishopric.*

B. The portfolio shall be prudently diversified by sector and issuer type. No more than five percent of the fixed income portfolio shall be invested in the obligations of any one issuer, except the U.S. government or its agencies.

C. The weighted average option-adjusted duration of the fixed income portfolio shall be limited to a maximum of 8 years. Any single issue is limited to a maximum duration of 15 years.

IV. Performance

A. The return of this fund will be measured, using a three-year moving average, against the following benchmarks:

1. An absolute return objective of the GDP Price Deflator plus 4%, compounded annually.
2. An unmanaged market index of the BofA Merrill Lynch U.S. High Yield Master II Index.
3. A relative return objective of the top half of the appropriate DeMarche high yield manager universe.

B. Performance will be reviewed for the preceding three month, year-to-date, one-, three- and five-year periods.

V. Communications

Communication with the Community of Christ should include, at a minimum, the following:

A. Quarterly written reports presenting investment results achieved over the prior quarter, year-to-date, one-year, three-year and five-year periods. Action taken in the portfolio, the current outlook for the economy and capital markets over the next six to twelve months and the internal investment strategies that have been adopted in response to these expectations.

B. Regular meetings with the Presiding Bishopric and the Investment Committee at a date, time, and location determined by them.

C. All pertinent changes within the organizations of the investment managers should be reported as they occur by phone and in writing. Included among these changes, but not limited to, are the following:

1. Change in ownership.
2. Changes in key investment personnel.
3. Changes in areas of responsibility of key personnel.
4. Significant changes in assets gained or lost, as well as clients gained or lost.
5. Changes in investment philosophy, investment process or major strategies.
6. Changes in a compensation benefit program.
7. Introductions of new investment strategies/products or ventures into other businesses.

The investment managers will have the primary responsibility and DeMarche Associates will have the secondary responsibility for notifying the Presiding Bishopric and Investment Committee of any of these changes.

VI. Annual Review

In view of the rapid changes within the capital markets and investment management techniques, these guidelines will be reviewed by the Presiding Bishopric and the Investment Committee at least annually. Exceptions to these guidelines may be made anytime with the approval of the Presiding Bishopric and the Investment Committee.

Addendum VIII — Community of Christ
Emerging Markets Manager Guidelines

I. *Investment Philosophy*

A. The manager is expected to manage assets in a style similar to the one utilized in their firm over the past three years. Any significant deviation from the manager's stated style will require written approval from the Presiding Bishopric.

B. The manager is expected to earn the highest possible total rate of return consistent with the risk tolerance of the Church. The posture in respect to risk is to assume a position of lowest risk with maximum total return.

II. *Portfolio Guidelines*

A. Since assets are invested in a commingled fund, the Presiding Bishopric and Investment Committee expect the manager to adhere to the stated guidelines for the fund. Any deviations from the current investment guidelines should be communicated to the Presiding Bishopric in writing with reasons for the deviation prior to said change.

B. The manager will broadly diversify across emerging country markets. The manager should use prudence and reasonable good judgment in regard to country weightings. No more than 10% should be allocated to investments in frontier markets.

C. If possible within the commingled fund structure, it is the desire of the Plan Sponsor to not invest in alcohol, gambling, tobacco or pornography related stocks.

III. *Performance*

A. The return of this fund will be measured, using a three-year moving average, against the following benchmarks:

1. An absolute return objective of the GDP Price Deflator plus 5%, compounded annually.
2. An unmanaged market index of the MSCI Emerging Markets Index.
3. A relative return objective of the top half of the appropriate DeMarche emerging markets manager universe.

B. Performance will be reviewed for the preceding three month, year-to-date, one-, three- and five-year periods.

IV. Communications

Communication with the Community of Christ should include, at a minimum, the following:

A. Quarterly written reports presenting investment results achieved over the prior quarter, year-to-date, one-year, three-year and five-year periods. Action taken in the portfolio, the current outlook for the economy and capital markets over the next six to twelve months and the internal investment strategies that have been adopted in response to these expectations.

B. Regular meetings with the Presiding Bishopric and the Investment Committee at a date, time, and location determined by them.

C. All pertinent changes within the organizations of the investment managers should be reported as they occur by phone and in writing. Included among these changes, but not limited to, are the following:

1. Change in ownership.
2. Changes in key investment personnel.
3. Changes in areas of responsibility of key personnel.
4. Significant changes in assets gained or lost, as well as clients gained or lost.
5. Changes in investment philosophy, investment process or major strategies.
6. Changes in a compensation benefit program.
7. Introductions of new investment strategies/products or ventures into other businesses.

The investment managers will have the primary responsibility and DeMarche Associates will have the secondary responsibility for notifying the Presiding Bishopric and Investment Committee of any of these changes.

V. Annual Review

In view of the rapid changes within the capital markets and investment management techniques, these guidelines will be reviewed by the Presiding Bishopric and the Investment Committee at least annually. Exceptions to these guidelines may be made anytime with the approval of the Presiding Bishopric and the Investment Committee.

Addendum IX Community of Christ Emerging Markets Debt Manager Guidelines

I. *Investment Philosophy*

A. The manager is expected to manage assets in a style similar to the one utilized in their firm over the past three years. Any significant deviation from the manager's stated style will require written approval from the Presiding Bishopric.

B. The manager is expected to earn the highest possible total rate of return consistent with the risk tolerance of the Church. The posture in respect to risk is to assume a position of lowest risk with maximum total return.

II. *Portfolio Guidelines*

A. Since assets are invested in a commingled fund, the Presiding Bishopric and Investment Committee expect the manager to adhere to the stated guidelines for the fund. Any deviations from the current investment guidelines should be communicated to the Presiding Bishopric in writing with reasons for the deviation prior to said change.

B. The manager will broadly diversify across emerging country markets. The manager should use prudence and reasonable good judgment in regard to country weightings. No more than 10% should be allocated to investments in frontier markets.

C. If possible within the commingled fund structure, it is the desire of the Plan Sponsor to not invest in alcohol, gambling, tobacco or pornography related bonds.

D. The manager, at their discretion, can invest in Emerging Market Sovereign or Corporate Debt using U.S. dollar or local currency.

III. *Performance*

A. The return of this fund will be measured, using a three-year moving average, against the following benchmarks:

1. An absolute return objective of the GDP Price Deflator plus 3%, compounded annually.
2. An unmanaged market index of the EMBI Global Diversified Index.
3. A relative return objective of the top half of the appropriate DeMarche emerging markets debt manager universe.

B. Performance will be reviewed for the preceding three month, year-to-date, one-, three- and five-year periods.

IV. Communications

Communication with the Community of Christ should include, at a minimum, the following:

A. Quarterly written reports presenting investment results achieved over the prior quarter, year-to-date, one-year, three-year and five-year periods. Action taken in the portfolio, the current outlook for the economy and capital markets over the next six to twelve months and the internal investment strategies that have been adopted in response to these expectations.

B. Regular meetings with the Presiding Bishopric and the Investment Committee at a date, time, and location determined by them.

C. All pertinent changes within the organizations of the investment managers should be reported as they occur by phone and in writing. Included among these changes, but not limited to, are the following:

1. Change in ownership.
2. Changes in key investment personnel.
3. Changes in areas of responsibility of key personnel.
4. Significant changes in assets gained or lost, as well as clients gained or lost.
5. Changes in investment philosophy, investment process or major strategies.
6. Changes in a compensation benefit program.
7. Introductions of new investment strategies/products or ventures into other businesses.

The investment managers will have the primary responsibility and DeMarche Associates will have the secondary responsibility for notifying the Presiding Bishopric and Investment Committee of any of these changes.

V. Annual Review

In view of the rapid changes within the capital markets and investment management techniques, these guidelines will be reviewed by the Presiding Bishopric and the Investment Committee at least annually. Exceptions to these guidelines may be made anytime with the approval of the Presiding Bishopric and the Investment Committee.

Addendum X ***Community of Christ***
Commodity Manager Guidelines

I. *Investment Philosophy*

A. The manager is expected to manage assets in a style similar to the one utilized in their firm over the past three years. Any significant deviation from the manager's stated style will require written approval from the Presiding Bishopric.

B. The manager is expected to earn the highest possible total rate of return consistent with the risk tolerance of the Church. The posture in respect to risk is to assume a position of lowest risk with maximum total return.

II. *Portfolio Guidelines*

A. Since assets are invested in a commingled fund, the Presiding Bishopric and Investment Committee expect the manager to adhere to the stated guidelines for the fund. Any deviations from the current investment guidelines should be communicated to the Presiding Bishopric in writing with reasons for the deviation prior to said change.

B. Commodities such as metals, oil and gas, agriculture and livestock represent the world's raw materials that are the building blocks for all consumed and manufactured goods. As real assets, commodities diversify a portfolio away from primary holdings in stocks and bonds. Commodities investments are to be managed in accordance with the terms of the fund in which clients' monies are invested, or Private Placement Memorandum that states the fund's investment program, regardless of investment vehicle structure (i.e. Limited Partnership, Comingled Fund, Luxembourg Mutual Investment Fund, Investment Company Act of 1940 Mutual Fund, etc.).

C. The manager is expected to be fully invested; however, the manager has discretion to use cash within the fund to maximize total return. If the manager intends to hold a significant amount of cash for an extended period of time, the manager must submit a formal written request explaining the rationale to the Presiding Bishopric.

D. If possible within the commingled fund structure, it is the desire of the Plan Sponsor to not invest in alcohol, gambling, tobacco or pornography related stocks.

III. Performance

A. The return of this fund will be measured, using a three-year moving average, against the following benchmarks:

1. An absolute return objective of the GDP Price Deflator plus 3%, compounded annually.
2. An unmanaged market index of the Dow Jones UBS Commodities Index.
3. A relative return objective of the top half of the appropriate DeMarche commodity manager universe.

B. Performance will be reviewed for the preceding three month, year-to-date, one-, three- and five-year periods.

IV. Communications

Communication with the Community of Christ should include, at a minimum, the following:

A. Quarterly written reports presenting investment results achieved over the prior quarter, year-to-date, one-year, three-year and five-year periods. Action taken in the portfolio, the current outlook for the economy and capital markets over the next six to twelve months and the internal investment strategies that have been adopted in response to these expectations.

B. Regular meetings with the Presiding Bishopric and the Investment Committee at a date, time, and location determined by them.

C. All pertinent changes within the organizations of the investment managers should be reported as they occur by phone and in writing. Included among these changes, but not limited to, are the following:

1. Change in ownership.
2. Changes in key investment personnel.
3. Changes in areas of responsibility of key personnel.
4. Significant changes in assets gained or lost, as well as clients gained or lost.
5. Changes in investment philosophy, investment process or major strategies.
6. Changes in a compensation benefit program.
7. Introductions of new investment strategies/products or ventures into other businesses.

The investment managers will have the primary responsibility and DeMarche Associates will have the secondary responsibility for notifying the Presiding Bishopric and Investment Committee of any of these changes.

V. Annual Review

In view of the rapid changes within the capital markets and investment management techniques, these guidelines will be reviewed by the Presiding Bishopric and the Investment Committee at least annually. Exceptions to these guidelines may be made anytime with the approval of the Presiding Bishopric and the Investment Committee.

Derivatives Policy

Derivatives, when used with leverage and without controls, can cause great amounts of risk to be introduced into an investment portfolio. It is the intent of the Presiding Bishopric to allow the use of derivatives for very specifically stated purposes. At no time will derivatives be used to speculate with investment or pension funds. At no time will managers introduce leveraged derivatives into the portfolio. No more risk should be assumed when employing derivatives than would otherwise have been experienced by investing in the underlying security.

Prior to the use of a type of derivative, the manager will seek approval of the Presiding Bishopric. The manager must identify the purpose for the derivative exposure. The manager must demonstrate expertise, strategy and internal controls to effectively manage the derivative positions. If the manager cannot explain the use and purpose of derivatives to be used, then such derivatives are not permitted in the portfolio. The manager does not need further Presiding Bishopric approval so long as the same type of approved derivative is used.

Managers using derivatives will have a written policy in place and the capability to readily report on the derivative instruments and exposures. In the manager's quarterly report, or more frequently as requested by the Presiding Bishopric, the manager will outline the derivative(s) currently used in the portfolio and include a statement identifying that the manager is in compliance with these policies and guidelines.