

CENTER FOR NATURAL LANDS MANAGEMENT

INVESTMENT POLICY

Adopted on October 2, 2008 via Resolution 140-08

Revised on March 25, 2018 via Resolution 276-18

PREAMBLE

The Center for Natural Lands Management (CNLM) has adopted the following Investment Policy to guide the management of CNLM's portfolio of invested funds. These funds include, but are not limited to, endowments received for the preservation and management of protected lands and shall hereafter be referred to as the "Investment Fund". This policy governs development of the investment strategy, establishment of investment objectives, implementation of investments, and review of performance of the Investment Fund. This investment policy will be reviewed by the Finance Committee (FC), as economic, social and market conditions warrant.

IMPLEMENTATION AND REVIEW

The ultimate responsibility for the management of the Investment Fund of CNLM rests with its Board of Directors (Board). To assist it in carrying out this responsibility, the Board has established a Finance Committee (FC) to oversee and periodically report and make recommendations, as necessary, to the Board.

In carrying out its functions, the FC recommends to the Board the hiring of Investment Managers and reports the allocation of the Investment Fund among asset classes and investment vehicles in accordance with this policy. It must also oversee investment policy implementation and monitor performance of CNLM's Investment Fund.

All members of the FC should have at a minimum a level of familiarity with financial and investment terminology sufficient to review brokerage and bank statements, quarterly portfolio appraisals and performance reports. The FC is to review the performance of the CNLM investment portfolio no less frequently than on a quarterly basis. Any significant change in asset valuation shall be promptly recognized, reviewed and discussed by the FC and, if warranted, reported to the Board along with appropriate recommendations to minimize losses and maximize gains to the Investment Fund.

All members of the FC are expected to develop a working knowledge of the characteristics of the various investments suitable for CNLM; e.g., stocks, bonds, mutual funds, government securities, etc. Attendance at meetings is an important part of the members' obligations, as is the duty of being well prepared and being willing to work together collegially to carry out this policy. It is important that external financial professionals and CNLM staff handling CNLM's accounts spend adequate time with FC members to ensure their familiarity with the CNLM's investment policies and procedures.

The chair of the FC or Treasurer will give a summary report to the Board at each Board meeting. On an annual basis, the chair of the FC or Treasurer will give a detailed report to the Board. These reports will cover the performance of the Investment Manager and the overall performance of the Investment Fund. Also, the report will cover the asset allocation currently in effect for the Investment Fund. The purpose of these reports is to keep the FC and the Board fully informed concerning the Investment Fund. It will provide an opportunity for discussion of performance of the Investment Fund and related topics.

On occasion, after detailed review, the FC may recommend that the Board change Investment Managers. Changes in Investment Managers should be made only after careful review by the FC. When the FC determines that a change in Investment Managers is in order, the recommendation of the FC shall be forwarded to the Board, which shall vote on the change. While it is expected that the Board will rely heavily on the recommendation of the FC, the ultimate responsibility for selection and retention of Investment Managers lies with the Board.

INVESTMENT OBJECTIVES

The objective of the Investment Fund is to earn an annual rate of return, net of investment and management expenses, equal to or greater than five percent (5%) over the annual rate of inflation, without assuming too great a risk. The purpose of this objective is to (1) provide an ongoing source of cash annually to defray management and stewardship costs of natural lands AND (2) increase the Investment Fund balance at a rate equal to the inflation factor after netting out the expenses of managing the investments.

It is recognized that the financial objectives for the Investment Fund may not be achieved in every year. That may occur, for instance, when the rate of return produces earnings less than the amount necessary for both the operational management of CNLM and an amount sufficient to increase balances by the current rate of inflation. In other years the investment return may exceed the amount required to grow the Investment Fund at a rate equal to inflation. In that case, CNLM should reinvest the excess returns to make up for any past shortfall and/or provide a cushion for future shortfalls.

In years when there is a deficit of earnings, in making determinations concerning using the principle of the endowments for operations, CNLM shall consider what effect deferring expenditures might have on biological resources. If alternatives are not found and the effect on the resource is significant, the Investment Manager shall work with CNLM to suggest alternative investment formats to reduce any negative effects on biological resources.

Establishing an investment policy guideline that fits every possible situation that may confront the FC is a challenge. The principles of prudent investing and diversification shall govern the work and the investment decisions of the FC and of the Board.

INVESTMENT STRATEGY

The primary investment strategy is to invest in a sufficient number of different types of financial instruments and money managers to provide significant diversification of the Investment Fund in order to reduce its overall risk and improve its performance over time. The Investment Fund may be invested in portfolios of mutual funds, common and preferred stocks, bonds, cash equivalents and other investments which may at times include private investment, real estate, hedge funds, derivatives, short sales, options, warrants, futures, foreign currency and other prudent investment vehicles and may be domestic or foreign.

These investments shall provide safety through diversification of investment and may reflect varying rates of return, provided that the overall rate of return and composition of the portfolio is consistent with the objective and purposes set out in this Investment Policy.

CNLM may pool monies for investment purposes but will account for preserve endowments and other accounts separately.

Asset Allocation

The purpose of the asset allocation is to provide guidelines for the Investment Manager to achieve the investment objective of CNLM and to assure that the overall asset allocation between the investment categories remains under the regular scrutiny of the Investment Manager and the FC. The investments shall generally be allocated among investment categories as outlined in the table below. Target allocations within the Investment Categories' Ranges may change over time at the discretion of the FC in consultation with the Investment Manager depending upon the financial and economic environment and the forecast of those conditions. The Investment Manager may not alter this allocation without prior approval of the FC.

| Investment category | Range | Target |
|----------------------------|--------------|---------------|
| Equities* | 55 to 100% | TBD by FC |
| Fixed Income** | 0 to 30% | TBD by FC |
| Cash Equivalents | 0 to 15% | TBD by FC |

* The equity category includes mutual funds, common and preferred stocks, and other investments which may at times include private investment, real estate, hedge funds, derivatives, short sales, options, warrants, futures, foreign currency and other prudent investment vehicles and may be domestic or foreign.

** Fixed income category includes corporate and municipal bonds (domestic and foreign), bond funds and similar investment vehicles.

Equities

The equity allocation is to provide rates of return sufficient to achieve the objective of the Investment Fund through price appreciation and/or dividends. It is anticipated that this will be the majority investment category as historically equities have provided the greater rate of return over time.

Fixed Income

The fixed income allocation is to provide current income for a portion of the operational management and stewardship of natural lands primarily through interest received but also through price appreciation.

Cash Equivalents

The cash equivalent allocation is a management tool to be used to avoid the untimely sale of investments, for efficient operations to make anticipated disbursements, or to accumulate funds for investment. The long-term nature of the principal of the investments should minimize the importance of cash equivalents as an investment tool.

To achieve the investment objective, the FC will monitor and review, on an ongoing basis, the asset allocations set forth above. Diversification of assets will be employed to ensure that adverse performance from one asset class, one security, or group of securities in a sector will not have an unduly detrimental effect on the entire portfolio's performance.

The FC shall review the investment criteria from time-to-time with the assistance and advice of the Investment Manager and make adjustments if the existing criteria are detrimental to the investment goals of the Investment Fund. Such adjustments shall be implemented through a consultation between the FC and the Investment Manager.

Achieving CNLM's investment objectives is challenging given the uncertainties and complexities associated with contemporary investment markets and the long term nature of the CNLM mission. The asset allocations and guidelines in this Investment Policy are designed to produce an investment strategy with a moderate level of risk. At the same time, however, CNLM also recognizes that some risk of loss of capital must be assumed in order to achieve CNLM's long-term investment objective. In establishing the asset allocations for the Investment Fund, the FC shall consider the ability of the organization to withstand short- term and intermediate-term volatility.

PERFORMANCE REVIEW

Investment Managers will be monitored on a quarterly basis. It is understood that there are likely to be short term periods during which investment performance deviates from market indices. During such times, greater emphasis may be placed on peer-

performance comparisons with Investment Managers employing similar investment styles. All Investment Managers will be monitored on:

1. Adherence to CNLM policies, objectives, and guidelines.
2. Consistency in each Investment Manager's investment philosophy.
3. Return relative to objectives and risks.
4. Comparison of the Investment Manager's results to appropriate benchmarks, indices and/or peer groups.
5. Investment risk as measured by asset concentrations, exposure to extreme economic conditions, and market volatility.
6. Material changes in the Investment Manager's organization, financial conditions, investment philosophy, and/or personnel.