HAMILTON COMMUNITY FOUNDATION

History made, future intended.

INVESTMENT POLICY STATEMENT

CONTENTS

1. OVERVIEW

Purpose

This Investment Policy Statement outlines how we will achieve our goal of providing stable financing for our granting and operations while accelerating the achievement of our vision and mission. These goals will be achieved through the alignment of all our assets with our vision, mission and values using responsible investing (RI) and direct impact investing. This policy seeks to fully integrate RI and impact investing approaches into how we select and manage our assets.

Scope

This policy applies to all our investment portfolios, which include our short-term, reserve and long-term portfolios (including our direct impact investments).[1] This policy extends to all members of our staff, volunteers involved in our investing activities, investment managers and advisors.

Overview of responsibilities *(see Appendix A for details)*

The Finance and Investment Committee (FIC) has the authority and the responsibility to draft and recommend the policy to the Board. Responsibility for implementation of the policy lies with the FIC and the Impact Investing Committee (IIC). The FIC will liaise with the IIC as it relates to the Foundation's overall asset mix. The IIC is responsible for our direct impact investments.

The FIC and IIC will delegate some of their responsibilities with respect to the investment of our funds to agents and advisors. If deemed necessary, the FIC or IIC may hire investment consultants.

As our work matures, the IIC will continue to delegate a defined and appropriate level of responsibilities with respect to the investment of our direct impact investments to the staff.

The policy shall be approved by the Board of Directors. FIC and IIC members shall be recommended by each committee for approval by the Board.

Legal jurisdiction

All investment transactions will be conducted in accordance with the laws of Canada and the Province of Ontario.

Policy review

The policy is formally reviewed at least annually and more as required. Material changes in risk/return trade-off, spending policy, risk tolerance, legislative environment and size of the Foundation's assets may necessitate a change.

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[1] This policy excludes the financial assets held for day-to-day operating requirements for which a separate policy will apply.

2. OUR INVESTING OBJECTIVES

Our three primary investing goals

Provision
Provide current and future funding for our granting, programs and services

Stability
Ensure financial stability in the event of an unexpected shortfall

Acceleration
Ensure that 100% of our assets support our mission and accelerate our vision, including 20% in direct impact investments by 2020

To meet these goals, we believe we need

6.5-7.5
Per cent

Portfolio returns over a 10-year period (net of fees)

Our investing approach: We invest in two ways to achieve our goals

Our portfolio is invested in two ways

80%
Responsible Investing

This is the investing approach we take to all our public market portfolios

20%
Direct Impact Investing

This is a direct investment approach we take to explicitly seek specific impact

ALIGNMENT *Our guiding principle*	A desire for alignment underlies both our Responsible Investing and Impact Investing approaches. Our investment should support our mission, vision and values and should not knowingly undermine the work of our grantees or our community leadership efforts.

2.1 Responsible Investing (RI)

The **principle of alignment** will be used to guide our learning and decision-making as, over time, we seek to apply a range of responsible investing tools to our public portfolio.

DEFINITION
Responsible Investments integrate environmental, social and governance factors (ESG) into their selection and management.

We will deploy responsible investment tools in accordance with our Responsible Investing (RI) Strategy. Annually, the FIC will review the RI strategy and create a RI work plan. As we evolve our RI approach, we anticipate that additional tools will be added to the RI Strategy, such as active ownership (e.g. proxy voting and shareholder engagement).

The responsible investing tools we use:

Active manager engagement & oversight

The primary responsible investing tool that we employ is proactive investment manager engagement and oversight. This includes the use of ESG and proxy vote audits. This engagement will help us understand our investments, as well as strengthen our relationships with our Portfolio Managers. It will also help us determine if more active responsible investing approaches are necessary (e.g. targeted exclusion of certain companies, industries and sectors, active ownership, etc.).

Exclusions

We recognize the complex issues surrounding both active shareholder ownership and exclusion of companies, industries and sectors. Typically exclusions are not consistent with our value of collaboration; however, exclusions may be appropriate in some situations.

At this time, we have three areas of exclusion:

- **Tobacco** – this covers all tobacco companies that manufacture tobacco products
- **Illegal weapons** – this covers any companies involved in the manufacturing of cluster munitions and land mines
- **Predatory lending** – this covers any company directly involved in predatory lending

Our decision-making process for exclusions is outlined in our RI strategy. In order to construct the portfolio, the Foundation may utilize pooled funds provided by the investment manager(s). In some circumstances, the investment policy of those respective polled funds may differ or conflict with the Foundation's investment policy. The foundation acknowledges this and accepts these differences and conflicts in order to gain economies of scale, access and/or other benefits offered through pooled funds. The manager will report for information purposes these types of violations. The foundation will work with the manager to determine an appropriate course of action to remediate any and all violations.

The FIC will review the RI Strategy annually.

2.2 Direct Impact Investing

Primary objectives:

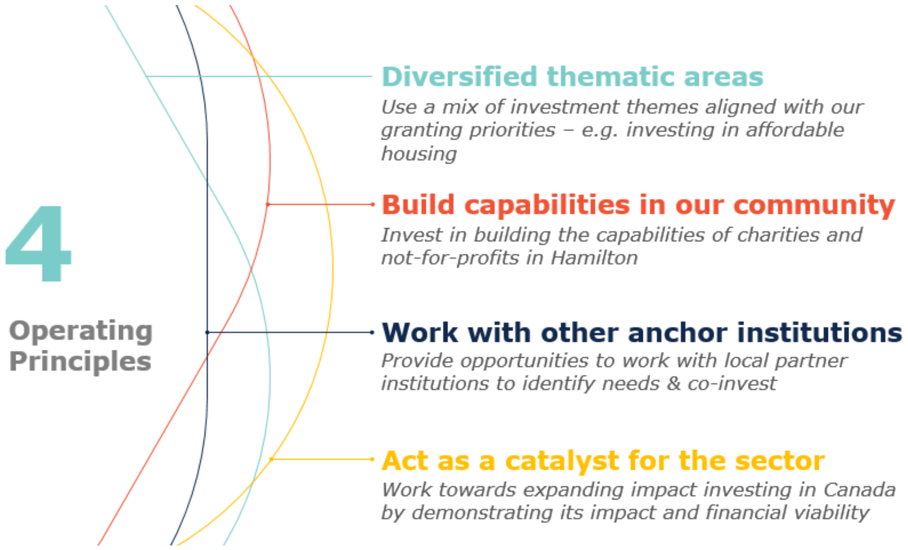
Our objectives for engaging in direct impact investing, in addition to alignment, are to:

1. **Generate impact:** Accelerate and enhance the advancement of our mission and vision in the interest of the public good and in support of our donors' intentions.

2. **Diversification:** The overall HCF portfolio requires alternative investments to provide diversification and reduced exposure to capital markets. Direct impact investments are part of the capital allocated to alternative investments at the appropriate risk adjusted return.

20 by 20 goal: We aim to deploy 20% of our assets in direct impact investments by 2020, in accordance with our Impact Investing Strategy. As the market continues to develop and mature we will reassess our ambition to go beyond the 20% target.

Operating principles: Our plan to achieve our 20 by 20 goal is underpinned by four interrelated operating principles that guide how we seek to invest.



Investment themes: In which areas do we seek to create impact?

Thematically, our impact investments will be aligned to our granting priorities and will include, but are not limited to:

Given the evolving nature of the impact investing market, as further opportunities arise, thematic areas may be added that support our vision, mission and values (e.g. support for Indigenous communities).

Geographical focus: Where do we seek to create impact?

Our direct impact investments will focus on two streams:

Local – investing in the Hamilton community: We are committed to prioritizing (within a diversified portfolio) catalytic capital through loans to charities, not-for-profits and social enterprises to support or accelerate the delivery of their missions in the Hamilton community.

National/Global – investing in Canada and the world: We invest in opportunities across Canada and around the world as we seek to diversify our impact portfolio and bolster our knowledge. These investments enable us to act as a catalyst in other parts of the world and advance our mission. In addition, these investments help create a broader environment in which our vision is achieved.

Impact measurement: What is our approach to measuring impact?

We believe that impact measurement is a critical component of impact investing, and we will continue to aspire to rigorously monitoring and evaluating the impact of our portfolio to maximize its desired impact.

We will conduct impact measurement in accordance with our Impact Investing Strategy. At this time, our approach is in the process of being defined and will be updated as we continue to learn, adapt and build out our capabilities.

The IIC will review the Impact Investing Strategy annually.

3. ASSET ALLOCATION

The total investment portfolio will be divided into three sections:

- Short-term portfolio
- Reserve portfolio
- Long-term portfolio, including all our direct impact investments

We have committed to placing 20% of our overall assets in direct impact investing portfolio by 2020.

Asset allocation for Short-term portfolio:

The Short-term portfolio will hold the assets of the flowthrough funds and the expected annual disbursements for the current year.

	Minimum	***Maximum***
Cash & Short-term	15%	85%
Short-term Bonds	15%	85%

The Portfolio Managers are expected to structure a portfolio that maximizes the return based on the cash flow requirements as provided by the Foundation.

Asset allocation for Reserve portfolio:

	Minimum	***Maximum***
Cash & Short Term	20%	30%
Short-term Bonds	15%	45%
Bonds	15%	45%
High-yield Bonds	0%	20%

Asset Allocation for Long-term portfolio (including direct impact investments):

The total **combined** portfolios will be invested in a diversified manner according to the asset allocation target ranges shown in **Figure 1.**

How to read this Table:

As noted, we have committed to place 20% of our overall assets in direct impact investments by 2020 and the remaining 80% in responsible investments. This represents the highest level allocation and sets a hard boundary between the RI and the Impact Portfolio (See Row 1.0 Total, across Columns A, B, C).

Column A sets out the overall boundaries of the total portfolio of the foundation. Column B and C breakdown the minimum and maximum ranges defined in

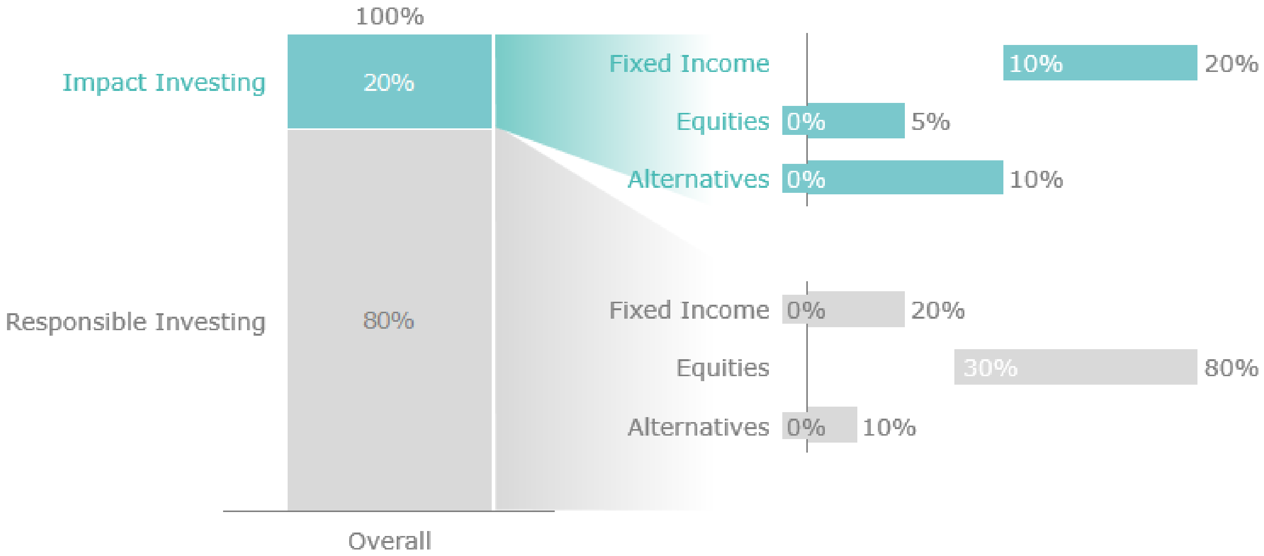
Column A across the RI Portfolio and Impact Portfolio. Column B and C sum to the minimum and maximums outlined in Column A.

Rows 2.0, 3.0 and 4.0 define the maximum and minimum for each asset class. The subsequent rows (e.g. 2.1, 2.2, etc.) define allocations by sub-asset class. It is important to note that these do not sum to the overall asset class allocation for the maximum of the ranges. It is expected that we will balance across sub-asset classes to ensure that we remain within the boundaries of the overall asset class.

For example, within 2.0 Fixed Income, if 20% was deployed within 2.3 Alternative fixed income (i.e. at the top of the target range) then it would be necessary to ensure that 2.1 Short-term and 2.2 Fixed income did not cumulatively go over 20%, and thus remain within the range set out in row 2.0 Total Fixed Income of 10-40%.

Figure 1: Asset mix target range (minimum and maximum)

Asset Class	**(A) Overall Portfolio**	**(B) Responsible Investments**	**(C) Direct Impact Investments**
1.0 Total	**100%**	**80%**	**20%**
2.0 Total Fixed Income	**10 – 40%**	**0 – 20%**	**10 – 20%**
2.1 Short-term	0 – 10%	0 - 10%	0%
2.2 Fixed income	0 – 20%	0 – 10%	0 – 10%
2.3 Alternative fixed income	10 – 20%	0%	10 – 20%
3.0 Total Equity	**30 – 85%**	**30 - 80%**	**0 – 5%**
3.1 Canadian Equity – Large cap	15 – 45%	15 – 40%	0 – 5%
3.2 Canadian Equity – Small cap	0 – 15%	0 – 10%	0 – 5%
3.3 Global Equity – Large cap	15 – 45%	15 – 40%	0 – 5%
3.4 Global Equity – Small cap	0 – 15%	0 – 10%	0 – 5%
3.5 Emerging	0 – 15%	0 - 10%	0 – 5%
4.0 Total Alternatives	**0 - 20%**	**0 – 10%**	**0 - 10%**
4.1 Alternative - Infrastructure	0 – 15%	0 – 5%	0 – 10%
4.2 Alternative – Real Estate	0 – 15%	0 – 5%	0 – 10%
4.3 Alternative – Private equity	0 – 10%	0%	0 - 10%



The asset mix target ranges are further detailed in the individual Portfolio Managers' mandates as outlined in Appendix H. Moving outside these target allocations can be done on an exception basis with the approval of the Board.

The target asset allocation will be determined with the objective of maximizing returns within an appropriate level of risk. The appropriateness of the targeted asset allocation is to be based on its expected impact on the level and volatility of returns.

Alternative investments reflect the need to have investment returns that are not correlated to global financial markets. Some of our direct impact investments are considered a form of alternative investment providing diversification benefits to the overall portfolio.

In the longer-term our ambition is to cultivate a high quality pipeline of investment opportunities in Hamilton so as to invest more into our local community.

For our direct impact investments, these target ranges represent preliminary targets. At this time, there is no set allocation between local and national/global investments. In the near-term, a larger portion may be allocated to national/global investments. This is due to the fact that deploying capital locally requires efforts to build the pipeline, develop multi-partner efforts and may require providing technical assistance for new borrowers in the sector.

4. INVESTMENT RISK

In general, in order to construct the portfolio, the Foundation may utilize pooled funds provided by their investment manager(s). In some circumstances, the investment policy of those respective pooled funds may differ or conflict with the Foundation's investment policy applicable to the assets held in the pooled funds. The Foundation acknowledges this and accepts these differences and conflicts in order to gain economies of scale, access and/or other benefits offered through pooled funds. The manager will report for information purposes. The Foundation will work with the manager to determine how to remediate any violation.

Allowable assets and asset categories

All investments must comply with our Responsible Investing (RI) Strategy, including but not limited to the outlined exclusions.

Specific restrictions on asset categories and investment practices are defined in:

- Appendix D for public market investments & non-impact alternative investments
- Appendix E for direct impact investments

Diversification within Asset Classes

Diversification within each asset class is provided by limiting the percentage of the market value of our assets invested in a single security not guaranteed by the Government of Canada or of a Canadian province and by restricting investments in a group of equities whose returns are expected to be highly correlated.

Specific parameters have been defined in Appendix F for public market investments, direct impact investments and alternative investments.

Liquidity

Liquidity is defined as the ability of the market in a particular security to absorb a reasonable amount of buying or selling at reasonable price changes. Further, any security held in our portfolios must be able to be readily converted into cash except for the alternative investments as outlined in Appendix F and for private direct impact investments. Overall liquidity must be enhanced by limiting the size of an investment in any single corporate entity.

Quality

The quality of the portfolio is achieved by requiring minimum standards for credit ratings for each investment. The FIC shall inform the Portfolio Managers semi-annually as to our liabilities and cash flow requirements. The Portfolio Managers will ensure that their respective portfolios are positioned to meet cash flow requirements and to broadly match the duration of our assets and liabilities.

Assets	Quality requirements[2]
Short-term portfolio	• Maintain a minimum weighted average credit rating of R1 mid or its equivalent, as measured by a recognized Canadian bond rating service • Have a minimum quality standard at the time of purchase of R1 or its equivalent
Bond portfolio	• Maintain a minimum weighted average credit rating of A* or its equivalent • No more than 15% of the holdings of the segregated bond portfolio and no more than 20% of a pooled bond fund may be

[2] For purposes of the above tests, a pooled fund is not considered a "security of a single issue."

	instruments with a minimum credit rating of BBB* or its equivalent ○ *Exception:* Bonds with a credit rating below BBB may be included in the Real Estate and Infrastructure Funds (see Appendix E) • Bonds below investment grade will be considered part of the equity allocation and cannot represent more than 20% of the equity allocation
Public equity	• Must be traded on recognized global stock exchanges or networks • Instalment Receipts and warrants/rights of publicly listed companies with payment time horizons not greater than three months are considered to be eligible equities • Preferred stocks must have an acceptable investment grade quality of P1
Direct impact investments & alternative investment funds	• For direct impact investments, investments will be made appropriately taking a portfolio view when evaluating risk profile, liquidity and potential for impact

5. VOTING RIGHTS

Voting rights on our securities may be delegated to the Portfolio Manager.

The Portfolio Manager will provide in writing its policy on voting rights and shall maintain a record of the exercise of the voting rights for investments in the portfolio and report on their voting to the Foundation.

In accordance with the application of our responsible investing (RI) tools, an annual proxy vote audit will be conducted for each Portfolio Manager. It will provide a review of each manager’s voting record including the degree of consistency between the votes cast by our managers on categories of management and shareholder proposals, and between the managers and an external peer or benchmark.

The FIC may exercise any voting right by communicating its intentions to the Portfolio Manager in writing.

6. MONITORING

The Foundation operates on a fiscal year defined by quarters ending June 30, September 30, and December 31 and the year ending March 31.

Monitoring and reporting requirements have been outlined for:

1. Public market investments
2. Alternative investments: Real Estate & Infrastructure
3. Direct impact investments

Independent review

An independent review of the Investment Policy Statement, the Portfolio Managers and investment performance will be conducted at a minimum of once every four years. This review will be conducted by an independent asset management consultant.

PUBLIC MARKET INVESTMENTS

Quarterly monitoring and reporting

Each quarter, the Portfolio Managers will be required to issue a written report to the FIC on the performance of their portfolios. The report will include information on the rates of return for the quarter and year to date for each asset class. The FIC shall evaluate performance, focusing on our investing goals and long-term expected return and risk parameters.

Each quarter, the Portfolio Managers will provide a compliance report with the provisions of the policy detailing instances where such provisions were violated. The Portfolio Managers are required to report any breach of compliance in writing along with pertinent details, explanations and remedial action taken.

Continuing variation from the Portfolio Manager's mandate is not acceptable without a formal written amendment to the mandate agreed to by the FIC.

Quarterly, the FIC will monitor the combined results to ensure the overall target allocation is achieved.

Semi-annual monitoring and reporting

The Portfolio Managers shall meet with the FIC at least semi-annually to:

- (i) Provide information concerning new developments affecting the Portfolio Manager and their services
- (ii) Review the transactions in the latest period and the assets held at the end of the period and explain how they relate to the strategy advocated
- (iii) Explain the latest performances
- (iv) Be apprised of expected cash flow requirements
- (v) Provide an economic outlook along with a strategy under such circumstances
- (vi) Any other relevant matters that may arise from time to time

In accordance with our commitment to Responsible Investing (RI), the FIC will have in-depth conversations with regard to the Portfolio Manager's ESG and proxy voting practices through the results of our annual audits (see below). In addition, we will continue to discuss the Portfolio Manager's interpretation and application of the role of signatories to the United Nations Principles for Responsible Investment (UNPRI) and to determine our degree of comfort with these practices.

The proceedings of such meetings will be recorded in writing and shall be presented to the Board of Directors.

Annual reporting

At this time, as part of our commitment to responsible investing, the FIC primarily works to proactively engage and provide oversight to Portfolio Managers with regards to environmental, social and governance (ESG) concerns. On an annual basis, this includes:

- A formal ESG audit of each investment manager
- A proxy vote audit of each investment manager

These audits are conducted by our staff or an external expert consultant.

Performance benchmarks

While our primary focus and objective is the long-term investment performance of the portfolio, the FIC has a fiduciary duty to evaluate the portfolio results on an ongoing basis. This ongoing evaluation will be conducted using two benchmarks:

1. **Passive index benchmark returns**: The annual net returns over a moving five-year period should be at least 1.25% greater than the passive index benchmark.

2. **Five-year median returns:** Results should also rank above the moving five-year median return (net of fees) of a sample universe of similar funds identified by the investment consultant. This ensures the Portfolio Managers are performing in the top half of like managers for this period measured.

Benchmark construction is detailed in Appendix G.

Portfolio manager performance review

If a Portfolio Manager is in the bottom half of its peer group for six consecutive quarters, a review shall be undertaken by the FIC. The FIC's review will examine all relevant issues including:

- The capital markets environment
- The consistency of the return profile with the manager's style
- The risks undertaken or avoided to achieve the returns
- Assessing if the Portfolio Manager's current underperformance relates to a specifically articulated strategy by the Portfolio Manager designed to meet the longer term investment objective as outlined
- Changes within the firm that may be contributing to the performance lag
- The forthrightness of the Portfolio Manager in addressing the issue and
- Any other issues that may be considered relevant

Upon completion of this internal review, the FIC may proceed, if warranted, to notifying the Portfolio Manager that they are under review for performance-related reasons. This review will be given verbally and in writing.

If the Portfolio Manager's performance-related issues are not satisfactorily resolved during the subsequent four quarters, the Board will consider terminating the Portfolio Manager. This includes performance concerns that a Portfolio Manager is not sufficiently aligned with our responsible investing goals as demonstrated by the results of the annual ESG and proxy voting audits. A satisfactory resolution will be defined by the FIC and will encompass the appropriateness of the risk and return levels achieved by the manager in the context of our investing goals and financial target.

Should concerns arise, the Portfolio Manager firm shall be notified in writing that they are under review. The FIC will develop a specific plan with the Portfolio Manager firm to rectify these service deficiencies. If these deficiencies have not been adequately resolved within four quarters, the Portfolio Manager may be terminated.

ALTERNATIVE INVESTMENTS

Real Estate and Infrastructure

Performance for Real Estate and Infrastructure will be assessed as follows:

FIC to review quarterly reports and Portfolio Manager to meet with the committee annually to discuss report including:

- Deal flow for the fund
- Assets at risk
- Valuation
- Future fund plans
- Changes in key personnel
- Changes in strategic directions
- Changes in the external environment affecting fund performance
- The return profile, including returns, volatility of valuation and cash flows, as compared to fixed income investments, the rate of inflation and the return profile of a traditional balanced portfolio

DIRECT IMPACT INVESTMENTS

The staff will monitor and report to the IIC and the FIC on the performance at the appropriate timing and process as outlined in the Impact Investing Strategy.

As our impact investing work develops and the market matures, we will continue to review this monitoring and reporting process.

Performance benchmarks will be used where readily available, such as our public equity impact funds.

Semi-annual monitoring and reporting

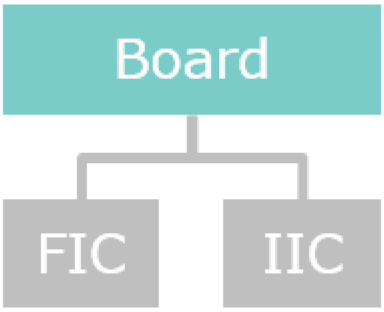
Semi-annually, the staff with provide the IIC, FIC and Board a due diligence update. Staff will report updates outside of this cycle if there are exceptional circumstances that require governance oversight.

Impact monitoring

We aspire to monitor and report the impact of these investments in an integrated manner. As we develop our impact measurement framework and methodology, we will work to regularly report the impact of our investments to the IIC, FIC and Board.

7. APPENDIX

Appendix A: Responsibilities



High-level governance model

The Finance and Investment Committee (FIC) and the Impact Investing Committee (IIC) operate in parallel with each other to provide oversight and implement our Investment Policy Statement on behalf of the Board of Directors.

The FIC is responsible for our public portfolio (the 80%) and the IIC is responsible for our impact investing portfolio (the 20%).

Finance and Investment Committee (FIC)

The Finance and Investment Committee has the authority and the responsibility to draft and recommend the Investment Policy Statement to the Board. Responsibility for implementation of the policy lies with the FIC along with the IIC.

The FIC is actively responsible for:

- Formulating the overall policy
- Liaising with IIC as it relates to our overall asset mix
- Appointing and monitoring of Portfolio Managers, Custodians, agents and advisors (incl. definition and amendment of Portfolio Manager mandates)
- Evaluating the performance of the investment portfolios including results of the ESG and proxy voting audit
- Communicating the performance and committee’s analysis to the Board of Directors
- Reviewing and updating this policy on an annual basis

The FIC will consist of at least eight members of which five are members of the Board of Directors. The FIC may invite individuals who are not members of the Board to become members of this FIC to add technical strength and depth to the Committee.

No meeting shall take place unless a quorum of the Committee is achieved.

Impact Investing Committee (IIC)

The Impact Investing Committee (IIC) is responsible for the implementing this policy insofar as it applies to the direct impact investments (section 2.2). The IIC shall operate within asset mix parameters agreed with the FIC and outlined in the Impact Investing Strategy.

The IIC maintains an active role with respect to:

- Making the decision to move to full due diligence of an investment opportunity, except where delegated to staff in situations outlined in the Impact Investing Strategy
- Making investment decisions for any direct impact investments

- Recommending formulation of the policy with respect to direct impact investing
- Evaluating the performance of direct impact investments
- Reviewing and updating our Impact Investing Strategy on an annual basis

The IIC will consist of at least five members of which three are members of the Board of Directors and/or members of the FIC. The IIC may invite individuals who are not members of the Board to become members of this Committee to add technical strength and depth to the Committee. IIC members shall be approved by the Board.

No meeting shall take place unless a quorum of the IIC is achieved.

Agents and advisors

The FIC will delegate some of its responsibilities with respect to the investment of the funds to agents and advisors.

In particular, the services of one or more Custodians and one or more firms registered as Portfolio Managers in accordance with the Ontario Securities Act 1990 paragraph 26(6) shall be retained.

The Portfolio Managers may be issued a mandate containing specific investment objectives and guidelines. The mandate conforms to the provisions of the policy but is not considered part of this policy.

If deemed necessary by the FIC, they may hire an investment consultant who is independent from the Portfolio Management function to provide advice on policy development, Portfolio Manager performance and other topics of interest or concern, as required.

Staff

At this time, the staff will be responsible for the active management of our impact investing portfolio. This includes managing the pipeline, conducting due diligence and ongoing monitoring and reporting of the portfolio. Specific guidelines are provided in our Impact Investing Strategy.

The staff are authorized to move forward on full diligence of direct impact investing opportunities in certain situations, as outlined in the Impact Investing Strategy.

Board of Directors

The policy shall be formally reviewed and updated as necessary and approved by the Board of Directors.

FIC and IIC members shall be approved by the Board.

Appendix B: Asset class definitions

Short-term securities include cash, cash equivalents and fixed-income securities with time remaining to maturity of less than one year at that point in time.

Bonds include all fixed-income securities with time remaining to maturity of one year or longer at that point in time.

Canadian equities include common stocks and warrants, limited liability income trusts, preferred stocks and convertible debentures of Canadian issuers

Global equities include common stocks and warrants, limited liability income trusts preferred stocks and convertible debentures of non-Canadian issuers

Alternatives are any investments made outside of the traditional asset classes outlined above, including but not limited to real assets (real estate, infrastructure), commodities, foreign currencies (and other hedging strategies). For the Foundation's purposes, high-yield bonds and our local impact loan portfolio are considered alternative investments.

Appendix C: Conflict of Interest

Members of the Finance and Investment Committee (FIC), Impact Investing Committee (IIC), our employees, volunteers involved in our investing activities, agents, and advisors to the investment portfolios are all fiduciaries and, as such, are subject to the following guidelines.

Fiduciaries shall not knowingly permit their interests to conflict with their duties and powers with respect to the Foundation.

What is a conflict of interest?

A conflict of interest, whether actual or perceived, is defined for the purposes of this policy as 'any event in which the fiduciaries' private interests are of sufficient substance and proximity to their duties and powers with respect to the Foundation as to impair their ability to render unbiased advice or to make unbiased decisions affecting the Foundation.

What do we do if a conflict of interest arises?

Should a conflict of interest arise, the conflicted person shall immediately disclose the conflict in writing with all relevant details, to the Chair of the FIC who, in turn, shall disclose it to all FIC and IIC members at the appropriate time.

Where a conflict of interest is deemed to exist or if its existence is disputed, the person (people) named in the conflict shall not be entitled to vote on the issue concerning the conflict or possible conflict and will remove themselves from the discussion.

Should the FIC or IIC be unable to determine if a conflict of interest exists, they shall refer the matter to the Board of Directors. At any time in the procedure, the FIC or the IIC may call upon an independent third party to provide advice on the matter.

Specific conflicts of interest

While every circumstance giving rise to possible conflicts of interest cannot be anticipated here, fiduciaries shall disclose, among other things the following circumstances:

- The committee is considering purchasing or divesting an investment in which the fiduciary has a material beneficial ownership (i.e. the capability to influence the performance of the corporation or the market price)

- Compensation received from any person or corporation other than one's employer and, in particular, from the issuer or vendor of securities which the Foundation owns or the FIC or IIC may be considering buying
- Where they are an employee of or agent for the Portfolio Manager
- Consideration paid or granted to others for making a particular recommendation relating to the investment of the assets of the Foundation

Code of ethics

Portfolio management firms providing services to the Fund are expected to comply with the Code of Ethics and Standards of Professional Conduct adopted by the CFA Institute.

Appendix D: Public market investments & non-impact alternative investments

For our public market investments and non-impact related alternative investments, we will only invest in the following asset categories:

(i) Cash
(ii) Demand or term deposits
(iii) Short-term notes
(iv) Treasury bills
(v) Bankers acceptances
(vi) Commercial paper
(vii) Bonds, including coupons and residuals and high-yield
(viii) Mortgage-backed securities
(ix) Convertible debentures
(x) Common and preferred stocks, including secondary issues
(xi) A donated asset which the Board specifically elected to retain
(xii) Real estate
(xiii) Infrastructure
(xiv) Pooled funds primarily invested in any or all of the above asset categories;

We shall not engage in:

(i) The purchase of securities on margin
(ii) The direct purchase of derivatives other than as noted below
(iii) Loans to individuals or private corporations
(iv) Short sales
(v) Direct purchases of equity private placements and bonds that are not secondary issues of publicly listed companies
(vi) Securities lending outside of a pooled fund.

Derivatives

The use of derivative instruments shall be supported at all times by the explicit allocation of sufficient assets to back the intended derivative strategy. Portfolio Managers are not permitted to leverage the Fund assets (excluding infrastructure and real estate). The use of derivative securities is only permitted for currency hedging purposes. Purchase or sale of any of these instruments for speculative purposes is prohibited.

Appendix E: Direct impact investments

For our alternative investments, including our direct impact investments, we will only invest in the following asset categories:

- All allowed asset categories listed in Appendix D: (i) – (xiv)
- Patient capital
- Interim financing
- Letters of credit
- Direct loans
- Loan guarantees
- Private equity investments
- Mortgages

We shall not engage in:

(i) The purchase of securities on margin
(ii) The direct purchase of derivatives other than as noted in Appendix D
(iii) Short sales
(iv) Securities lending outside of a pooled fund.

Appendix F: Diversification within asset classes

Public market investments

No more than 10% of the market value of the total investment portfolio will be invested in the securities of a single corporate issuer.

No more than 5% of the market value of the total portfolio will be invested in a single security not guaranteed by the Government of Canada or a Canadian province.

A minimum of seven of the 10 global industry sectors must be represented in the total public equity portfolio at all times.

For pooled funds, the foundation recognizes in principal that there will be occasions that pooled funds may be outside these parameters. Should this be the case, the manager should disclose this in their quarterly reports.

Direct impact investments

Diversification thresholds have been defined by asset class as follows:

For private equity investments, no greater ownership than 20% of a single entity, as defined by Charities Accounting Act (2010) as substantial interest.

For other direct impact investments, we will monitor exposure as follows:

- For national/global impact investments, we will take no more than a 10% position in any one vehicle – exception may be made with board approval

- For direct private debt, we may not loan in excess of 10% of our Impact Portfolio to a single entity, in exceptional situations the board may approve above this threshold, such as where (but not limited to):
    - The nature of security and guarantees are deemed sufficient
    - There is a shared risk partner
    - The leverage that this creates and extends to the entity
    - The impact potential that is enabled

Appendix G: Performance benchmark construction

Passive index benchmark:

This will be constructed using the returns of the relevant indexes as outlined below with the individual manager's target asset mix as outlined in the mandate in Appendix H.

Index Benchmark
91 Day T-Bill Index
Dexia Universe Bond Index
S&P / TSX Capped Composite Index
MSCI World ex. Canada Index

Median five-year returns:

The Median returns will be obtained from a recognized performance survey such as the Morningstar Canada Principia for Pooled Funds survey or other similar database that collects performance from a minimum of 200 different portfolio managers with a minimum combined asset size in excess of $300 billion to ensure the robustness of the survey data. The appropriate benchmark will be agreed upon by the investment consultant and investment managers based on their mandate.

Appendix H: Portfolio Manager Mandates

H A M I L T O N C O M M U N I T Y F O U N D A T I O N

INVESTMENT MANDATE

JARISLOWSKY FRASER LIMITED

(Short-term Portfolio)

May 2003 - Updated September 2015

In May 2003, a short-term portfolio was established to segregate funds with different investment objectives from the long-term endowment portfolios. Jarislowsky Fraser was appointed the portfolio manager of this portfolio in addition to managing one of the long-term portfolios.

This Investment Mandate applies to the assets in the short-term portfolio and is to be taken in conjunction with the Investment Policy Statement.

The specific asset allocations for the short-term portfolio are as follows:

	Minimum	Maximum
Cash & Short Term	15.0%	100%
Short Term Bonds	15.0%	85.0%

It is the intent that the duration and maturity profile of the securities in this portfolio will closely match the cash flow requirements of the Foundation. These cash flow requirements will be provided to the Manager by HCF staff and material changes to the cash flow requirements will be updated at a minimum quarterly.

All investment risk clauses of this Investment Policy Statement shall apply to both the total investment assets of the Foundation and to this portfolio managed by Jarislowsky Fraser Limited.

The manager will be expected to maximize returns within the cash flow requirements of the organization and will provide a quarterly update on steps taken to achieve value added performance and the results of these efforts.

Hamilton Community Foundation | Jarislowsky Fraser Limited

Terry Cooke, President & CEO | Peter Angelou, Partner

JARISLOWSKY FRASER LIMITED
(Long-term Portfolio)

September 2015-Update April 2019

This Investment Mandate accompanies the Investment Policy Statement of the Hamilton Community Foundation and is designed to provide a clear understanding of Hamilton Community Foundation expectations of Jarislowsky, Fraser Limited (JFL).

Jarislowsky Fraser was appointed the portfolio manager of the Foundation in 1990. In 2000, due to the significant growth of the Foundation, a second portfolio manager whose style is complimentary to Jarislowsky Fraser was appointed. In 2003, a third portfolio was established for investment of funds with a short-term time horizon. In early summer of 2003, the mandate was amended to reflect a slightly more conservative asset mix. The mandate was adjusted in 2011 based on the revisions to HCF Investment policy statement. The mandate has been adjusted in 2019 to reflect revisions to HCF Investments.

This Investment Mandate applies to the assets managed by JFL in the long-term portfolio and is to be taken in conjunction with the Investment Policy Statement.

The specific asset allocations for Jarislowsky Fraser for this portfolio are as follows:

Asset Class	**Minimum**	**Target**	**Maximum**
Cash & Equivalents	0.00%	5.00%	20.00%
Total Fixed Income	**0.00%**	**5.00%%**	**20.0%**
Canadian Equity	30.00%	44.00%	60.00%
Global Equity	35.00%	48.00%	65.00%
Emerging Market	0.00%	3.00%	10.00%
Total Equity	**80.00%**	**95.00%**	**100.00%**

All investment risk clauses of this Investment Policy Statement shall apply to both the total investment assets of the Foundation and to this portfolio managed by JFL.

The manager will report quarterly to the Investment Committee on the investment performance of the portfolio against the Benchmark portfolio. All reporting of the performance of the actual portfolio will be gross of management expenses billed to the portfolio with the exception of the EAFE portfolio.

In addition to the quarterly performance reporting, the manager is expected to provide a full portfolio valuation, investment commentary and economic outlook to the Committee.

The benchmark portfolio will be constructed using the returns from the performance of the following indexes:

Short Term Securities	-	FTSE TMS Canada 91 Day T-Bill Index
Canadian Equity	-	S&P/TSX Composite Index
Global Equity	-	MSCI World ex Canada Index

Emerging Market Equity	-	MSCI Emerging Markets Net Index

In addition, further reference will be made to the median return of a recognized institutional universe, such as the Morningstar Canada, Towers Watson or William Mercer institutional performance surveys, using the median returns of each asset class to construct a balanced portfolio return based on the specific asset mix of the mandate. These returns will be provided to the Portfolio Manager quarterly.

Hamilton Community Foundation	Jarislowsky Fraser Limited
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Terry Cooke, President & CEO	Peter Angelou, Partner

HAMILTON COMMUNITY FOUNDATION

INVESTMENT MANDATE
CC&L PRIVATE CAPITAL MANAGEMENT

June 2013 - Updated April 2018

This Investment Mandate accompanies the Investment Policy Statement of the Hamilton Community Foundation and is designed to provide a clear understanding of Hamilton Community Foundation expectations of **CC&L Private Capital Management.**

Hamilton Community Foundation has appointed CC&L Private Capital Management as one of their portfolio managers under the terms of the Investment Policy Statement. CC&L Private Capital Management agrees to comply with all of the relevant sections of these documents. The specific asset allocations for CC&L Private Capital Management are as follows:

Asset Class	***Minimum***	***Target***	***Maximum***
Cash & Equivalents	0.0%	0.0%	5%
Total Canadian Equity	**15%**	**35.0%**	**50%**
Canadian Large Cap	15%		40%
Canadian Small Cap	0%		20%
Total Global Equity	**15%**	**58.0%**	**80%**
Global Large Cap	15%		40%
Global Small Cap	0%		30%
Emerging Market	0%		20%
Alternatives	**0%**	**7.0%**	**10%**
Total		**100.0%**	

All investment risk clauses of the Investment Policy Statement shall apply to both the total investment assets of the Foundation and to the portfolio managed by CC&L Private Capital Management.

For the portfolio (**excluding Alternatives)**

The manager will report quarterly to the Investment Committee on the investment performance of the portfolio against the Benchmark portfolio. All reporting of the performance of the actual portfolio will be net of management expenses billed to the portfolio.

In addition to the quarterly performance reporting, the manager is expected to provide a full portfolio valuation, investment commentary and economic outlook to the Committee.

The benchmark portfolio will be constructed using the returns from the performance of the following indexes:

Short Term Securities	-	FTSE TMX Canada 91 Day TBill Index
Bonds	-	FTSE TMX Canada Universe Bond Index
Canadian Equity	-	S&P/TSX Composite Index
Global Equity	-	MSCI World ex Canada Index

For the Long Term Fund, the Benchmark will be comprised of 40% S&P/TSX Composite and 60% MSCI World Ex-Canada Index. In addition, further reference will be made to the median return of a recognized institutional universe, such as the Morningstar Canada, Towers Watson or William Mercer institutional performance surveys, using the median returns of each asset class to construct a balanced portfolio return based on the specific asset mix of the mandate. These returns will be provided to the Portfolio Manager quarterly.

For Alternative Investments

Performance for Real Estate and Infrastructure will be assessed as follows:

Committee to review quarterly reports and manager to meet with the committee annually to discuss report including:

- Deal flow for the fund
- Assets at risk
- Valuation
- Future fund plans
- Changes in key personnel
- Changes in strategic directions
- Changes in the external environment effecting fund performance
- The return profile, including returns, volatility of valuation and cash flows, as compared to fixed income investments, the rate of inflation and the return profile of a traditional balanced portfolio

Hamilton Community Foundation　　CC&L Private Capital Management

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Terry Cooke, President & CEO　　Mike Downs, SVP