RBC Wealth Management

Park Foundation

ESG Investment Policy Statement

December 2014

Table of Contents

The focus and scope of the Park Foundation is to support higher education through the granting of scholarship awards, provide funding to media and public broadcasting initiatives that are non-commercial, substantive, unbiased and accurate and to support projects that raise the public's awareness of environmental concerns, especially as they relate to freshwater. The Park Foundation seeks to strengthen the impact of its grant making by aligning its investment policy with its core values and has developed in consultation with the RBC SRI Wealth Management Group (SRI Group) an investment strategy that aligns its organizational mission with its investment objectives. To this end, the Park Foundation is applying the following criteria when evaluating its investments:

I. QUALITATIVE ANALYSIS

A. Environment

Park Foundation seeks to avoid investing in companies that have particularly egregious environmental records. However, companies that have taken steps to mitigate their poor environmental history and have significantly improved their environmental performance may be considered for inclusion into the portfolio. The Park Foundation will also actively seek to invest in companies that have superior environmental records, as well as companies that are considered **"best-of-sector"** when compared to other companies in the same industry.

The SRI Group will consider the following when evaluating a company's Environmental record:

Strengths

- Research or market alternative energy sources such as wind, solar and hydrogen, and/or energy saving technologies.
- Significantly reduce all waste streams through resource reduction, recycling or closed-loop technologies.
- Develop innovative ways to reduce harmful emissions and energy consumption.
- Demonstrate a long-term commitment to reducing negative environmental impacts by developing and reporting waste, energy and resource reduction goals.
- Manufacture organic products.
- Participate in multi-stakeholder institutions, such as the UN Global Compact, Carbon Disclosure Project and the World Business Council on Sustainable Development, that promote industry standards and best practices around sustainability issues.

Concerns

- Major controversies relating to air, water or land pollution or a history of environmental fines and/or civil suits.
- Pattern of violating federal, state or local environmental regulations.
- Significant and/or repeated failure to address the risks related to climate change.
- Production of chemicals known to be particularly damaging to the environment and/or human health: endocrine disruptors, such as Bisphenol-A, chlorofluorocarbons or other ozone-damaging chemicals, organochlorines (dioxin), agricultural chemicals such as pesticides, and polyvinylchloride (PVC).
- Business model based on unsustainable environmental practices that exploit the world's natural resources, such as resource-extraction industries.
- Involvement in processes known to be damaging to local water tables, particularly hydraulic fracturing ("fracking"), well stimulation, and pressure pumping.

- Significant involvement in the development and commercialization of genetically modified organisms.

Fossil Fuel 200 Restriction

Understanding the linkage between carbon intensive industries and the health impacts on communities, Park Foundation will specifically restrict the purchase of any security that is part of the 'Fossil Fuel 200,' that is, the top 200 publicly traded companies by CO_2 reserves, as identified by Carbon Tracker Initiative[1] [2].

B. Employee Relations

Park Foundation wishes to avoid investing in companies that have been repeatedly engaged in major controversies and lawsuits related to employee relations. The Park Foundation is comfortable investing in companies that are considered to be "best of sector" with respect to employee relations issues. Park Foundation would also like to avoid investing in companies that have a history of poor union relations, including aggressive efforts to prevent the formation of unions.

The SRI Group will consider the following when evaluating a company's Employee Relations record:

Strengths

- Addresses employee violations both domestically and internationally by developing and implementing improved policies and programs.
- Publicly available worker Code of Conduct.
- Offers employee benefits such as profit-sharing, domestic partner benefits, paid maternity and paternity leave, 401(k)-matching, etc.
- Policies and programs to support the recruitment, retention and professional development of women and minorities.
- Women and minority executive and board representation.

Concerns

- Discriminatory hiring practices.
- Discrimination against existing employees on the basis of race, age, gender, religion, disability, sexual orientation or gender identity.
- Unsafe labor practices.
- Failure to comply with minimum wage laws.
- A history of poor union relations, including aggressive efforts to prevent the formation of unions.
- Failure to promote safe and fair labor standards throughout the supply chain.

C. Product Liability and Corporate Governance

Park Foundation wishes to avoid investing in companies that have a poor record of product liability and safety, and corporate governance and wishes to "avoid the worst performers" with respect to these issues. However, companies which are working to improve their record may be considered.

The SRI Group will consider the following when evaluating a company's Product and Corporate Governance record:

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[1] Carbon Tracker Initiative, *"Are the World's Financial Markets Carrying a Carbon Bubble?"* 2011. http://www.carbontracker.org/wp-content/uploads/downloads/2011/07/Unburnable-Carbon-Full-rev2.pdf

[2] Full list of companies found at 350.org. http://gofossilfree.org/companies/

Strengths

- Positive record on the safety and quality of products and services.
- Products and services have a socially and/or environmentally beneficial component.
- Quality management system, such as ISO 9001.
- Political accountability disclosure, including guidelines on lobbying, trade association memberships and political donations.
- Moderate executive compensation tied to performance metrics.
- Majority independent board members and independent audit committees.

Concerns

- Convictions for major product liability or product safety violations.
- Fined for significant price fixing, antitrust or corruption violations.
- Pattern of consumer fraud or unfair marketing.
- Excessive executive compensation not tied to performance metrics or long term company performance.
- High executive turnover and/or incidence of ethics or legal violations, lawsuits and fines.

D. Animal Testing

Park Foundation seeks to avoid investing in companies that engage in animal testing that is not mandated by law or considered to be non-essential. Companies that perform animal testing as part of Government required testing will not be screened out. This will primarily screen out cosmetics companies that continue to conduct non-essential animal testing.

II. REVENUE-BASED ANALYSIS

A. Nuclear & Conventional Weapons

Park Foundation would like to avoid investing in companies that derive **more than 50% of revenues** from the manufacture of conventional weapons or nuclear weapons.

Nuclear weapons include any explosive device that derives its destructive force from nuclear reactions. It also includes any technology system that is used in the launch, deployment and detonation of a nuclear weapon.

Conventional weapons include small arms and light weapons, sea and land mines, as well as bombs, shells, rockets, missiles and cluster munitions. It also includes any technology system that is used in the launch, deployment and destruction of a weapon.

B. Nuclear Power

Park Foundation would like to avoid investing in companies that derive **any revenues (or generate electricity)** from the nuclear power and related industries.

C. Tobacco

Park Foundation would like to avoid investing in companies that derive **more than 5% of revenues** from the manufacture of tobacco products.

D. Alcohol

Park Foundation would like to avoid investing in companies that derive **more than 5% of revenues** from the manufacture of alcohol products.

E. Gambling

Park Foundation would like to avoid investing in companies that derive **more than 50% of revenues** from gaming activities such as casinos, hotels with casinos, racetracks and the manufacture of gaming devices and technologies.

III. CUSTOMIZED CRITERIA

A. Water

Park Foundation is concerned with issues related to water, including bottled water and the privatization of water resources. Park Foundation feels comfortable investing in companies that operate in the areas of consulting, engineering, construction, technology and equipment as they relate to the water sector. Conversely, Park Foundation wishes to avoid investing in those companies whose business activities are vertically integrated within the water sector and whose business line includes operations and/or maintenance of water and waste water treatment utilities. It is also concerned about companies that are involved in public private partnerships that may be antithetical to Park's water program guidelines and will evaluate these on a case-by-case basis. As Park Foundation becomes more comfortable with the implementation of this screen, it may consider putting further restrictions on dedicated utilities that operate also in public-private partnerships.

Park Foundation would like to avoid investing in companies that manufacture bottle water. In addition, Park Foundation would like to proactively invest in solutions targeted at the following:

- Sustainable Water infrastructure both at State and Federal levels
- Improving quality, availability and accessibility of water
- Protection of local drinking water resources
- Sustainable agriculture and drip irrigation that improve water conservation, quality and sustainability
- It will also consider targeted Shareholder Resolutions related to water issues.

B. Community Relations

Park Foundation would like to invest in companies that have strong relationships with their communities, including generous corporate giving and community outreach programs. These companies often make grants, or donate time and services to local community groups to support such issues as affordable housing, job training, public health, youth mentoring, etc.

C. Media

Park Foundation is concerned with issues related to the educational role of media. Park Foundation would like to invest in companies that promote high-quality and informative media programs, and would like to avoid investing in companies that promote lower-quality programming. This screen is under development with the Board and will require additional parameters for implementation.

D. Hydraulic-fracturing (Hydro-fracking)

On the specific issue of horizontal hydro-fracking involving direct operators, Park Foundation will not utilize a "best of sector" environmental screen. Instead, it is moving to a new screen that will be modeled on the goals outlined by the publication, "Extracting the Facts: An Investor Guide to disclosing Risks from Hydraulic Fracturing Operations," written by the Investor Environmental Health Network and Interfaith Center on Corporate Responsibility. As part of this transition to the new hydro-fracking screen, the Park Foundation is removing from the portfolio those companies that we believe fail to meet the criteria outlined in the publication.

IV. SHAREHOLDER ENGAGEMENT

Park Foundation is open to pursuing shareholder engagement strategies with select companies if it determines such strategies will advance its overall mission. Park Foundation is utilizing the services of As You Sow Foundation currently. Park Foundation is currently involved in shareholder engagement regarding environmental issues. Park Foundation will continue to evaluate other issue areas that complement its funding goals.

V. PROXY VOTING

Managers should be instructed to vote their proxies according to ***ISS Social Guidelines.***