



RBC Wealth Management[®]

Park Foundation
ESG Investment Policy Statement
March 2017

Table of Contents

I. QUALITATIVE ANALYSIS	3
A. Environment	3
B. Employee Relations	5
C. Product Liability and Corporate Governance.....	5
D. Animal Welfare	6
E. Community Relations	6
II. REVENUE-BASED ANALYSIS	6
A. Nuclear & Conventional Weapons	6
B. Nuclear Power	7
C. Tobacco	7
D. Alcohol.....	7
E. Gambling	7
III. CUSTOMIZED CRITERIA.....	7
A. Media	7
B. Nanotechnology.....	7
IV. SHAREHOLDER ENGAGEMENT	7
V. PROXY VOTING	8

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

The Park Foundation works in collaboration with others to build a society that supports the precautionary principle and protects and honors the building blocks of life: air, water and land.

It values democratic decision-making that invites the full participation and engagement of the public and promotes shared stewardship of public resources by communities, individuals and businesses.

Programmatically and through its investments, the Foundation prioritizes engagement on fossil fuel extraction, particularly unconventional oil and gas development, and the protection, health and public control of freshwater resources. The Park Foundation will 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 and non-toxic 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.
- 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.
- 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).
- Significant involvement in the development and commercialization of genetically modified organisms.

Fossil Fuel Industry Restrictions

While the Park Foundation will utilize a “best of sector” approach on the environmental screen for most industry sectors, for the oil and gas industry, the screens will be more restrictive. Understanding the linkage between carbon intensive industries and the health impacts on communities, Park Foundation will specifically restrict the purchase of any security that meets the below criteria:

- 1) Included in the ‘Carbon Underground 200,’ that is, the top 200 publicly traded companies by CO₂ reserves, as identified by Carbon Tracker Initiative¹ ².
- 2) Companies involved in oil & gas exploration and production, refining, marketing, transportation [open item on railroads], and storage or companies in the business of providing equipment and services to such companies
- 3) Any fossil fuel burning utilities.

Water

Park Foundation is concerned with issues related to water and drinking water, including bottled water, public control of water supplies, and improvement of water infrastructure. This section aims to exclude investments that compromise drinking water supplies and the public control of water, and target investments that improve water supplies, access, and infrastructure.

Park Foundation will target investments in companies helping to improve water efficiency, protect water supplies, upgrade infrastructure, and expand access to drinking water. Additionally, Park Foundation is comfortable investing in companies that provide consulting, engineering, construction, technology, and equipment to the water sector. Specifically, Park Foundation aims to proactively invest in positive solutions, especially those developing or distributing, the next generation of water technology especially companies that:

- Provide services, equipment, and technology for diagnosing leaks, and ensuring the quality and extending the lifespans of public water infrastructure.
- Are developing new technologies for ensuring a clean supply of drinking water including those that are improving methods for disinfecting and treating water
- Conserving water through new applications of and innovation in efficiency technologies including efficient irrigation
- Develop and construct sustainable water infrastructure including green infrastructure that helps make water infrastructure more resilient

Park Foundation wishes to avoid investing in companies whose business activities are vertically integrated within the water sector; companies with business lines in operations of water and wastewater treatment utilities; and companies that manufacture bottled water. Park Foundation 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.

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/>

Park Foundation will also consider targeted shareholder resolutions related to water issues that seek to limit negative practices or encourage improvement and/or innovation towards water leadership.

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:

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 Welfare

The Foundation supports nationally-significant efforts to ensure the humane treatment, care and well-being of domestic animals and the protection and conservation of endangered wildlife and wildlife in captivity in the U.S.

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. (Such restriction will potentially impact consumer products companies as opposed to pharmaceutical companies.) 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.

In addition, the Park Foundation would like to filter out companies involved in factory farming that operate Concentrated Animal Feeding Operations (CAFOs) or that are involved in the mass production, processing and slaughter of animals. This screen does not include restaurants or food establishments (e.g., grocery stores) where meat products are sold.

E. 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.

II. REVENUE-BASED ANALYSIS

A. Nuclear & Conventional Weapons

Park Foundation would like to avoid investing in companies that derive **more than 5% 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 **more than 5% of 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 5% of revenues** from gaming activities such as casinos, hotels with casinos, racetracks and the manufacture of gaming devices and technologies.

III. CUSTOMIZED CRITERIA

A. 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.

B. Nanotechnology

Park Foundation is concerned with nanotechnology in food. Nanomaterials have been added into various food products. However, the same properties exhibited at the nanoscale which make these materials attractive for use in the food industry may also result in greater toxicity for humans and the environment. Park Foundation understands that there has been limited research on the long-term effects of nanomaterials. However, it would like to avoid investing in companies, which incorporate significant nanomaterials in their food products. It will evaluate a number of different resources in identifying such companies. Nanotechnology is an emerging issue that we have concerns about, however there are limitations in availability of data and science at this time.

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. The Foundation is currently involved in shareholder engagement regarding environmental and media issues. The Foundation will continue to evaluate other issue areas that complement its funding goals. Park Foundation often works with intermediaries to assist in shareholder engagement.

V. PROXY VOTING

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