WORLD FOOTPRINT FOUNDATION INVESTMENT POLICY STATEMENT (IPS)

Policy Number: 2026-02-A
Original Effective Date: June 01, 2026
Amended Effective Date: Upon adoption by the Board of Directors on October 20th, 2026
Version Status: Approved by the Board (Version 2)

I. PURPOSE & SCOPE

The purpose of this Investment Policy Statement (IPS) is to establish a rigorous, disciplined fiduciary framework for the investment and stewardship of the World Footprint Foundation Permanent Sustainability Endowment. This Endowment fund is capitalized by Board allocations of Unrestricted Gifts (specifically up to 10% of Unrestricted Gifts, at the Board's discretion, as set forth in Section III.B.3 of the Foundation's Amended Gift Acceptance Policy 2026-01-A). This policy governs portfolio asset allocation, risk parameters, prudent diversification, liquidity safeguards, and distribution discipline to preserve the real purchasing power of the Endowment corpus in perpetuity under the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

II. INVESTMENT PHILOSOPHY: THE "VALUE" APPROACH & CAPITAL PRESERVATION

The Foundation adheres to a disciplined, long-term "Value Investing" philosophy. The primary financial objective is long-term capital preservation, followed by purchasing-power growth that outpaces inflation and programmatic distributions over multi-decade cycles.
The Foundation rejects speculative trading, short-term market timing, high-frequency trading, and opaque illiquid vehicles. Portfolio construction emphasizes broad-market index exchange-traded funds (ETFs) as the core, high-grade sovereign fixed income, institutional liquidity buffers, and, only within the limits of Section IV-A, a rule-based portfolio of fundamentally durable, cash-flow-generative public securities, all managed under a 5-to-10-year rolling investment horizon.
The Foundation's evaluation horizon for the portfolio and for any strategy within it is the rolling 3-year and 5-year cycles in Section VI. A rule-based strategy within the Satellite Sleeve may hold individual positions for a shorter period, such as twelve months, where the holding period is fixed by the strategy's published rules and not decided by market forecasts. The Foundation judges that strategy over the evaluation horizon, not position by position.

III. DEFINITION OF DUTIES & FIDUCIARY ROLES

To maintain institutional checks and balances, governance roles are established as follows:

- **The Board of Directors:** Holds ultimate fiduciary responsibility for the stewardship of Foundation assets. The Board approves and amends this IPS, establishes annual distribution rates within policy caps, ratifies custodian relationships, appoints the Investment Officer, and appoints and monitors any external investment adviser in accordance with the Foundation's Conflict of Interest Policy. A Director who has an

interest in an adviser does not take part in deliberating or voting on that adviser's appointment, evaluation, or retention.

- **The Investment Committee:** Composed of the Treasurer and at least one other Director, each of whom has no ownership, employment, or other financial interest in any investment adviser engaged by the Foundation. Responsible for quarterly portfolio oversight, approving trade recommendations before execution, verifying adherence to target allocation bands, monitoring rebalancing recommendations, and conducting the Annual Fiduciary Review. Each approval shall be recorded in writing (an email is sufficient) and kept with the minutes.
- **The Investment Officer:** A Director or officer appointed annually by a majority of the Disinterested Directors, who acts without compensation and not through any business entity. The Investment Officer prepares portfolio reports, formulates trade recommendations, and, after the Investment Committee approves them in writing, places the approved trades. The Investment Officer shall not hold custody of assets, shall have no authority to withdraw, transfer, or pledge assets or to deduct any fee, shall not serve on the Investment Committee, and shall not vote on any approval of his or her own recommendations. If the Investment Officer is a Director with an interest in an investment adviser, the Conflict of Interest Policy also applies.
- **The Investment Adviser (if the Board engages one):** Operates in a non-discretionary fiduciary capacity under written contract. The Adviser conducts portfolio analytics, evaluates asset allocations, formulates trade recommendations for Investment Committee approval, and delivers quarterly and annual reporting. The Adviser shall never hold custody of assets or execute trades without prior Investment Committee authorization. No Adviser is engaged as of the adoption of this policy.

IV. PERMISSIBLE ASSET ALLOCATION RANGES

To accommodate macroeconomic shifts and maintain capital defense during systemic contractions, the following strategic targets and allowable ranges are established:

Asset Class	Strategic Target	Permissible Range	Operational Benchmark
Equities (Capital Growth & Inflation Hedge)	70%	0% - 85%	S&P 500 / MSCI World Index
Fixed Income (Corpus Defense & Income)	20%	10% - 100%	Bloomberg US Aggregate Bond Index / US Treasuries
Cash & Cash Equivalents (Liquidity Buffer)	10%	5% - 100%	US 3-Month Treasury Bills / Regulated Money Market

Tactical Liquidity Override: In periods of severe valuation bubbles or systemic market distress, the Board, upon recommendation of the Investment Committee or any Investment Adviser, may authorize an increase in Cash and Fixed Income holdings up to 100% of the Portfolio to preserve corpus safety.

IV-A. SATELLITE SLEEVE (RULE-BASED EQUITY

STRATEGY)

1. **Core first.** The Equities allocation is held in broad-market, low-cost index ETFs (the "Core"). A Satellite Sleeve may be created only by a Board resolution that adopts the written rules of one strategy, names the Investment Officer, and states the dollar threshold below. Until then no individual securities are held.
2. **Size limits.** The Sleeve shall not exceed 30% of the Equities allocation. It shall not be activated until the Endowment's Equities allocation is at least $100,000, because below that size trading costs and minimum position sizes make individual positions imprudent. If the Equities allocation later falls below $75,000, the Board shall decide whether to wind the Sleeve down into the Core.
3. **Rules of the strategy.** The strategy must have written, objective selection and sale rules that do not depend on the Investment Officer's discretion. The initial strategy proposed for the Board's consideration is the "Magic Formula" ranking by earnings yield and return on capital described by Joel Greenblatt, applied to US-listed companies, with new positions built in batches of about five every two months up to about thirty, each held about twelve months and then sold. Cash not yet deployed in the Sleeve remains in the Core.
4. **Limits on individual securities.** Minimum market capitalization of $1 billion; minimum average daily trading value of $1 million; no position greater than 5% of the Sleeve at purchase; no sector greater than 25% of the Sleeve; no securities of any company in which a Director or Officer, or a Family Member of either, has a material financial interest, and no securities of any company that is a donor to, or a grantee of, the Foundation. Only limit orders shall be used.
5. **Prohibited.** Margin, leverage, short sales, options, futures, cryptocurrencies, penny stocks, and initial public offerings.
6. **Approval and records.** Each batch of purchases and each sale requires the written approval of the Investment Committee before execution, based on the strategy's list for that date. The Investment Officer shall keep a record of the list, the approvals, and the execution prices.
7. **Costs and evaluation.** The Investment Officer shall report to the Board at least quarterly the Sleeve's return, trading costs (commissions and estimated spreads), turnover, and comparison with the S&P 500 total return. If the Sleeve underperforms the S&P 500 total return by more than 2.0 percentage points per year over a rolling three-year period, the Board shall, at its next meeting, either terminate the Sleeve or record its reasons for continuing. The Board shall also review the Sleeve's continuation at least annually.

V. SPENDING POLICY & DISTRIBUTION DISCIPLINE (THE 5.0% CEILING)

The Foundation establishes an institutional distribution policy designed to ensure predictable financial support while safeguarding endowment principal in perpetuity:

- **Distribution Target & Range:** The Foundation targets an annual distribution rate of 5.0% of the Endowment. The operating band is between 3.0% and 5.0% per annum, except as reduced under the UPMIFA Capital Preservation Covenant below. Annual distributions shall not exceed 5.0% under any circumstances, in conformity with representations made in the Foundation's IRS tax-exemption filings.
- **Market Value Smoothing Mechanism:** To mitigate budget volatility from annual market cycles, the distribution dollar amount is calculated based on a twelve-quarter (3-year) rolling average of the Endowment's fair market value as of the final trading day of the

preceding fiscal year (or the entire operating history if the fund has been operational for less than 36 months).

- **UPMIFA Capital Preservation Covenant:** In accordance with the Uniform Prudent Management of Institutional Funds Act, if market contractions cause the fair market value of the Endowment to fall below its historic dollar value (cumulative principal contributions), the Board shall exercise its fiduciary duty to reduce or suspend annual spending below 3.0% until the historical corpus is restored. (This covers the Foundation's own endowment. Grantee endowments are governed by the distribution terms of each Restricted Endowment Grant Agreement.)

VI. REPORTING & LONG-TERM FIDUCIARY EVALUATION

- **Custodial Transparency:** All Endowment assets shall be held in a segregated institutional account registered solely in the legal name of World Footprint Foundation at an independent qualified custodian. Direct electronic statements must be accessible to all Board members at all times. Any withdrawal or transfer from the account requires the approval of two Directors, and no Investment Officer, Adviser, or other agent may have withdrawal, transfer, or fee-deduction authority.
- **Performance Evaluation Horizon:** To prevent short-term performance chasing, formal performance evaluation shall be conducted annually over rolling 3-year and 5-year cycles against a blended benchmark that matches the strategic targets in Section IV (70% Global Equity / 20% US Aggregate Bond Index / 10% US 3-Month Treasury Bills). Any Satellite Sleeve is also reported separately under Section IV-A.

VII. CONFLICT OF INTEREST DISCLOSURE & ADVISORY MANDATE

- As of the adoption of this policy, no agreement is in effect between the Foundation and The Footprint Collective LLC (the "Affiliated Provider"), which is owned or managed by Director Andrés Felipe Domínguez Mariño. The previously signed Endowment Management Agreement was terminated under Resolution No. 2026-04, and the Affiliated Provider is inactive.
- The Foundation shall not engage the Affiliated Provider except under the Conflict of Interest Policy and Resolution No. 2026-04, which require the written advice of securities counsel, the Affiliated Provider Protocol, and approval by a majority of the Disinterested Directors. If engaged, its services to the Foundation shall be on a permanent pro-bono ($0.00) basis, and the Adviser shall receive no advisory fee, retainer, or performance compensation. Third-party custodian and brokerage costs and fund expenses are borne by the Endowment, and no rebate or soft-dollar benefit flows to the Adviser.
- A Director who is the Investment Officer acts in that capacity as an unpaid officer of the Foundation, and not through the Affiliated Provider or any other business. The interested Director shall disclose all affiliations, shall recuse himself or herself from Board deliberation and voting regarding the selection, evaluation, and retention of any Adviser and the approval of his or her own trade recommendations, and shall not serve on the Investment Committee. The disclosure, the recusal, the materials the disinterested Directors reviewed, and their findings shall be recorded in the minutes of the meeting at which the Board acts.
- Retention of the Affiliated Provider or any other adviser by third-party grantee

organizations is voluntary and arm's length. Foundation grant disbursements are never conditioned upon engaging any affiliated adviser.

CERTIFICATE OF ADOPTION

I, **Inés Elvira Londoño**, Secretary of the World Footprint Foundation, certify that the foregoing Amended & Restated Investment Policy Statement (IPS) was duly approved and adopted by the Board of Directors at a duly convened Special Meeting of the Board of Directors held on October 20th, 2026, superseding Version 1 dated June 01, 2026, and that said policy remains in full force and effect.
IN WITNESS WHEREOF, I have executed this Certificate as of October 20th, 2026.

(Signed original on file with the Foundation)

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Inés Elvira Londoño, Secretary
World Footprint Foundation

REVISION HISTORY

Version	Adoption Date	Summary of Modifications
1	June 01, 2026	Initial adoption of Investment Policy Statement (Resolution No. 2026-02).
2	October 20th, 2026	Amended & Restated (Policy No. 2026-02-A): spending rule set to a 5.0% annual ceiling (band of 3.0% to 5.0%) aligned with IRS Form 1023 representations and UPMIFA capital preservation covenants; 7% ceiling eliminated; scope aligned with Version 2 GAP; Investment Committee limited to Directors with no interest in any adviser and given trade-approval authority; performance benchmark matched to strategic targets; recusal documented in Board minutes; added the unpaid Investment Officer role and a Board-activated Satellite Sleeve for a rule-based equity strategy (Section IV-A) with size, cost, and exit limits; no withdrawal authority for any

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		agent; Section VII restated because the Endowment Management Agreement with the Affiliated Provider was terminated, with the permanent pro-bono ($0.00) mandate retained for any future engagement.