

SFI Inc. Investment Policy Statement

Approved by the Board of Directors on: June 14, 2018

1. Background

The Sustainable Forestry Initiative (SFI) Inc. is a nonprofit organization established and maintained as a 501(c)(3) organization in accordance with the Internal Revenue Code and is thus exempt from taxes. SFI Inc. is governed by an independent three-chamber board of directors representing environmental, social, and economic sectors equally.

2. Purpose

The purpose of this Investment Policy Statement is to establish SFI Inc.'s objectives and guidelines for the organization's investments. These investments include a contribution provided in 2017 for Project Learning Tree (PLT) as well as SFI's Board-designated reserves. This statement will serve to direct the management of investment assets by the organization's Chief Operating Officer (COO) in consultation with the other parties listed below.

3. Investment Objectives

The primary objectives of SFI's investments are:

- Preservation of capital;
- Generation of income for funds that would otherwise remain in SFI's checking account;
- Liquidity of a portion of assets for cash flow needs

Investments will be separated into two accounts: one for the PLT contribution and one for the Board-designated reserves. SFI intends to allocate investment of the PLT contribution in a manner that ensures ongoing access to support annual expenditures for the PLT program. The Board-designated reserves are intended for emergency or extraordinary purposes and will be utilized only with prior approval of the Board of Directors.

The expected time horizon for the investments is short-term (three to twelve months) to medium term (2-3 years). The risk tolerance is very conservative.

4. Roles and Responsibilities

The authority for investment discretion and decisions lies with the COO. The COO will consult with the Financial Advisor at the institution in which the funds are invested, with the President & CEO, and with the Audit and Compensation Committee. The COO will provide quarterly reports to the Audit and Compensation Committee on investment performance.

The Audit and Compensation Committee is authorized by the Board to review the management of the investments and provide guidance on investment strategies and activities, including the study and selection of asset classes, determining asset allocation ranges, and setting performance objectives. These strategies and objectives will be reviewed at least once per year.

It is the responsibility of the Audit and Compensation Committee, in consultation with the President & CEO and the COO, to review and propose changes to this Investment Policy Statement with final approval from the Board of Directors. The Investment Policy Statement should be reviewed at least once per year.

5. Allowable Investments

- Money Market Funds
- CDs insured by the FDIC
- U.S. Treasuries
- U.S. Agencies
- Municipal and Corporate Bonds, investment grade (BBB) or better
- Mutual funds utilizing the above securities, with an overall average credit quality of BBB or better

6. Benchmarks and Target Rates of Return

Returns are expected to be commensurate with the risk tolerance and asset allocations of the investments and will reflect the portfolio's objectives of preservation of capital, income, and liquidity. The portfolio performance will be measured against designated benchmarks and is expected to track the benchmarks' returns over time.

Broad-based fixed benchmarks will be used to measure overall account level performance, as follows:

- Cash equivalents: US 3 month T-bill
- Bonds: Barclays 1-3 year Government/Credit Index