Investment Policy Objectives and Guidelines – Endowment Funds

Approved by the Board on March 24th 2026

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1. Background

1.1 Since its inception, Community Foundation Ireland ("the Foundation") has operated a civic endowment fund ("the Endowment Fund") with the aim of delivering a consistent and sustainable amount each year in perpetuity for grant making and operating costs. The maintenance of the Endowment Fund is empowered by the Foundation's constitution.

1.2 The Board has a "total return" policy for the management of the Endowment Fund i.e., no distinction is made between income and capital return. This approach defines net investment return over any period as the total change in the overall value of the Endowment Fund over that period, including both net current income and net realized and unrealized capital gains and losses, less all investment related costs.

1.3 The primary long term investment objective of the Endowment Fund is to seek to maximize the total net investment return having regard to the performance of investment markets generally, the tolerance for risk, the Foundation's policies concerning the impact and ethics of its investments, and the requirements to withdraw money from the Endowment Fund periodically.

1.4 The requirements to withdraw money periodically are as follows.

For donor-endowed funds:

- 4% of the average end-of-year Endowment Fund value for each of the previous 5 years (for grant-making) plus administration fees of 1% of the Endowment Fund's value.
- Any additional amounts to be withdrawn as required by the Board to be withdrawn (as advised from time to time to the Manager).

For the Foundation-endowed funds:

- 3% of the average end-of-year Endowment Fund value for each of the previous 5 years (for grant-making) plus administration fees of 3% of the Endowment Fund's value.
- Any additional amounts to be withdrawn as required by the Board to be withdrawn (as advised from time to time to the Manager).

1.5 The Committee will review drawdown sustainability annually, and may recommend adjustments to the Board if performance, market conditions or Endowment levels indicate that the policy could impair long-term capital.

2. Purpose of this Investment Policy

2.1 Establish a clear understanding of the investment goals and objectives of the Endowment Fund portfolio.

2.2 Provide the basis for mandates from time to time to facilitate the delegation of all or part of the investment management activities to others.

2.3 Establish a basis for monitoring investment activity and evaluating investment results.

2.4 Establish the relevant time frame for which the investments will be managed, and the investment performance evaluated.

The Endowment is managed on a long-term (10+ year) horizon consistent with its perpetual nature. Manager performance will be assessed primarily over rolling five-year periods, with shorter-term monitoring to ensure strategy suitability and risk control. The Committee reserves the right to act sooner where material concerns arise.

3. Governance, Management, Reporting and Escalation

While maintaining active control of policy, strategy and material decisions related to investment, the Board delegates responsibility for certain investment matters to its Investment Committee ("IC" – Appendix 2), which was established in 2021.

3.1 The IC has responsibility for setting the parameters for management of the Endowment Fund portfolio.

3.2 The IC must develop for approval by the Board a statement of the Endowment Fund's investment policies and objectives incorporating appropriate investment guidelines and constraints.

3.3 The IC has responsibility for selecting and recommending to the Board a professional investment manager or managers (“the Manager” - Appendix 3) to manage the Endowment Fund.

3.4 Where applicable, and in consultation with the Manager the IC selects and recommends a professional custodian to the Board.

3.5 The IC exercises judgement on material matters (e.g., significant strategy shifts, risk limit breaches, fee changes, or new asset classes) and will escalate such matters with recommendations to the Board. Materiality is assessed case-by-case considering potential impact on risk, return, liquidity, reputation, and policy compliance.

3.6 The IC sets appropriate investment performance objectives for the Endowment Fund and meets with the Manager to review performance at least twice annually.

3.7 The IC reports to the Board at least twice annually on the performance of the Endowment Fund’s relative to the investment policy and objectives.

4. Endowment Fund Investment Policy

The Policy Objectives as set out to the Manager:

4.1 To diversify the assets among asset classes and individual securities to minimize the risk of loss of capital.

4.2 To use a balanced investment approach i.e., within broad guidelines and constraints set out in Sections 6 and 7 below the Manager has total discretion both in the allocation of the funds among markets and asset classes and the selection of securities within those classes.

4.3 To set investment guidelines and constraints designed only to exclude assets which are unacceptable to the Foundation.

4.4 So long as it is not materially detrimental to the financial return, to seek to achieve positive social and environmental impact. For this purpose, attention is paid both to the products and services provided by the underlying companies represented in the investments, and also their business practices. This includes the consideration of environmental, social and governance factors in the investment process.

4.5 The Manager shall integrate ESG (**Environmental, Social and Governance**) factors systematically across all asset classes, using a consistent framework to assess material risks and opportunities. ESG integration should be evidenced through reporting on portfolio-level ESG scores, carbon intensity, and exposure to key sustainability themes, with commentary on methodology and any limitations.

5. Commitment to Responsible Investment

5.1 The Foundation positions its investment activity on the spectrum of capital as follows:

Traditional [1] → *Responsible Investment* [2] → Sustainable [3] → *Impact* [4] → Philanthropy

The overall Endowment portfolio is managed on a Responsible Investment basis, with ESG factors integrated systematically and values-based exclusions applied across all asset classes. The Impact Allocation (clause 5.3 below) is designed to operate further along the spectrum, at the intersection of Sustainable and Impact investing.

5.2 The Endowment Fund will seek to align with the goals of the Paris Agreement and target net zero greenhouse gas emissions across its portfolio by 2050, with an interim target of 50% reduction (minimum) by 2030. The Manager should report annually on progress toward interim targets, including portfolio carbon footprint and exposure to fossil fuels.

[1] Traditional: Maximise financial return
[2] Responsible: Incorporates ESG risk management to protect value.
[3] Sustainable: Actively seeks companies that generate positive societal or environmental outcomes alongside financial returns
[4] Impact: Targets measurable social or environmental impact with a risk-adjusted financial return.

5.3 The IC may allocate up to 5% of the Endowment to an Impact Allocation. This allocation is designed to operate at the sustainable and impact investing end of the spectrum of capital - applying positive screening criteria in addition to the exclusions applied across the broader portfolio, targeting risk-adjusted financial returns, and seeking measurable positive social or environmental outcomes aligned with the Foundation's mission. Within the overall portfolio, this allocation represents the component with the most explicit impact orientation. The IC may appoint a specialist manager for this allocation. The allocation will be reviewed annually, with scope to refine or expand as internal capacity and market solutions develop.

5.4 The Foundation is committed to continuously improving its responsible investment practices. This includes regularly reviewing the Manager's ESG criteria, engagement strategies, and investment guidelines to reflect evolving best practices and stakeholder expectations, while maintaining focus on the Endowment Fund's long-term financial sustainability.

6. Portfolio Investment Guidelines

6.1 Allowable investment classes

i. Equity securities which shall be restricted to readily marketable securities of companies traded on recognized stock exchanges.

ii. Fixed Interest Securities including Sovereign, Corporate and indexed linked securities provided that the issuer meets the minimum rating specified in section 7.6.

iii. Cash and Cash equivalents, including cash deposits, treasury bills and certificates of deposit.

iv. Alternative Asset Classes. This category may include, but is not limited to, infrastructure funds, commodities, quoted private market investment trusts, structured products, absolute return strategies, and hedge funds.

v. Derivatives. May be used solely for efficient portfolio management, hedging and risk management, and not for speculative purposes.

6.2 Liquidity

The investments should be sufficiently liquid such that under normal market conditions at least 80% of the securities could be liquidated to cash within 10 days. This should be verified by the Manager upon request and reviewed on an annual basis.

It can be assumed that the drawdowns from the Endowment Fund will be in line with the agreed annual drawdown schedule.

6.3 Range of assets

The allowable asset ranges are as follows:

Asset Class	Minimum	Maximum
Cash	0%	20%
Bonds	0%	35%
Global Equities	50%	85%
Alternatives	0%	20%

Where changes in market values cause a limit above to be exceeded, the Manager is not required to sell assets to come within the limit. However, the Manager shall notify the IC that the limits have been exceeded as soon as reasonably practical after it has occurred.

6.4 Currency

In selecting securities for the portfolio, and in any hedging transactions, the Manager needs to be mindful of the fact that the Endowment Fund's outgoings are entirely Euro dominated.

With regard to equities, where the Manager has reason to believe that a non-euro currency to which the Endowment Fund has a material exposure may be significantly over-valued against the euro, they would be expected to put hedges in place to a level they believe appropriate bearing in mind any costs associated with hedging. In relation to bonds, it is expected that non-euro bond exposures would be substantially, if not fully, hedged.

The Manager is expected to maintain a documented hedging philosophy, covering objectives, instruments, costs, and typical decision factors. This documentation should be made available to the IC on request. Material changes to hedging approach, and any hedging impacts that have a meaningful effect on portfolio performance or currency exposure, should be reported in quarterly reports.

6.5 Risk

In the view of the Board the major risk faced by the Endowment Fund is the failure to meet the investment objectives specified above. The Foundation relies on the total return on the Endowment Fund to fund our grant-making and operating costs. The key risks to the long-term value of the Endowment Fund are permanent loss of capital or erosion of the real value by inflation, so assets are invested to mitigate these risks over the long-term.

The Board understands that risk is present in all types of securities and investment styles, and that some risk and short-term volatility must be accepted in order to produce optimal investment returns. The long-term nature of the Endowment Fund provides the capability to withstand higher levels of volatility if current required withdrawals can be met from surplus cash. The Board understands that short term volatility does equate to higher risk over the term of an investment.

Notwithstanding the foregoing, the Manager should take all reasonable steps to control risks and to meet the objectives with the minimum of risk.

7. Portfolio Investment Constraints

7.1 No holding in any single company shall amount to over 5% of the Endowment Fund.

7.2 No short sales or dealing on margin is permitted.

7.3 The Manager shall not invest directly in property without the prior approval of the IC.

7.4 The Manager shall not commit the Funds to underwriting any new issue or other offer of securities.

7.5 Total Bond exposure should not fall beneath an average credit rating of A-. No more than 10% of bond exposure should be in unrated issues or issues rated beneath BBB-.

7.6 The Endowment Fund may not borrow money other than temporary borrowing arising from the settlement of transactions which may not, in any event exceed 5% of the value of the relevant Funds.

7.7 Stock Lending is not permitted without the written permission of the IC.

7.8 No unlisted private market investments shall be held on behalf of the Endowment Fund. This does not exclude holding listed vehicles, open-ended investment companies (OEICs) or unit trusts, which may own unlisted assets within the alternatives allocation.

7.9 The Manager shall not invest in specific stocks or industries as determined by the Board and advised to the Manager in writing by the IC from time to time. The current list of excluded industries and turnover thresholds are set out in the attached **Appendix 1**.

7.10 The Manager may use Collective Investment Schemes (including in-house funds and ETFs) for reasons of portfolio efficiency, liquidity management and implementation of asset allocation. The Manager must provide full look-through reporting to underlying holdings, costs, performance attribution and relevant ESG characteristics.

Where any in-house fund carries a higher management charge than the agreed mandate fee, the excess will be rebated to the Foundation.

The Manager will disclose the expected proportion of the portfolio to be invested via collectives in its proposal and ongoing reports, and will notify the IC in advance of any material increase beyond that disclosed level, with rationale.

7.11 Custody and Sub-Custody:

The Manager is accountable to the Foundation for exercising due skill, care and diligence in the appointment and ongoing oversight of the Global Custodian and any sub custodians.

The Manager will promptly notify the Committee of any custody incident, loss event or material change in the custodian's terms/capabilities (normally within 5 business days of becoming aware).

Quarterly reports will include a custody overview, highlighting any open issues, and confirmation that asset segregation and controls remain in place.

8. Investment Manager Performance Review and Evaluation

The Manager shall report quarterly to the IC on the performance of the Endowment Fund in absolute terms and against the benchmarks specified below.

Additionally, the Manager shall meet with the IC at least twice a year to consider and review the performance.

The following are the Endowment Fund Benchmarks:

Government Bonds	7.5%	ICE BofAML Euro Government Index
Corporate Bonds	7.5%	ICE BofAML Eurozone Corporate Bonds Index
Global equities	75%	MSCI All Countries World Daily (Net Total Return)
Alternatives	10%	EURIBOR + 2%

Quarterly reports will include performance over 1/3/5/10 years and since inception (where available), against agreed benchmarks, with attribution and risk analytics.

8.1 The Manager will complete a semi-annual Stewardship & ESG Questionnaire covering engagement activity, outcomes, voting, exclusions, climate metrics and any controversies.

8.2 The Manager shall maintain a clear escalation policy for stewardship activities, including timelines and thresholds for action. This may include voting against management, filing shareholder resolutions, or divestment where engagement fails to yield progress.

8.3 Where engagement on a material ESG matter does not demonstrate sufficient progress within a reasonable timeframe, the Manager should consider proportionate escalation, including supporting shareholder resolutions or voting against management where this aligns with long-term value.

8.4 The Manager shall monitor ESG ratings across all holdings and promptly notify the Investment Committee of any holdings that fall below an agreed rating threshold. Such instances shall trigger a formal divestment discussion at IC-level, with the Manager expected to provide timely analysis and recommendations.

8.5 An annual public Responsible Investment Report shall be published, detailing ESG integration, stewardship activities, voting records, exclusions compliance, and progress on positive impact allocations. This report should be aligned with recognised frameworks such as the PRI Reporting Framework or the UK Stewardship Code.

9. Total Fund

9.1 The whole portfolio is compared to a composite of the above weighted to the central points of the permissible ranges.

9.2 The primary performance objectives are (i) Ireland CPI + 5.0% p.a. (long-term) and (ii) the strategic market benchmark consistent with the agreed asset mix (section 8). Peer-group comparisons may be reviewed as context, but they are not performance targets.

9.3 Over the long-term, there is a desire that the investments achieve a total return in line with CPI (Ireland) +5%.

10. Review of this document

10.1 The Board may revise this Policy at any time, but it will in any event be reviewed by the IC on a three-year basis.

10.2 The Manager may at any time request a change in this Policy or raise any problem arising therefrom. It is the responsibility of the Manager to request such a change where it believes that this statement inhibits in any way the carrying out of their role or the achievement of the objectives of the Endowment Fund.

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Owner	Sally Gaynor
Job Title	Chief Financial Officer

Appendix 1

Excluded Industries and turnover thresholds:

	Revenues from manufacturing	Retail/related revenues
Tobacco	0%	10%
Pornography	5%	5%
Gambling	5%	10%
Armaments	0%	10%

The following sectors shall also be excluded where revenue exceeds 10%: companies whose primary business is the extraction of coal, oil, or gas; high-interest lending, and companies failing to meet minimum ESG ratings or controversy screens (e.g., UN Global Compact violations).

Energy Transition: The policy recognises the practicalities of the energy transition. Diversified energy companies with credible, verifiable transition plans consistent with Paris alignment may be held, subject to the minimum ESG standard and ongoing engagement.

Minimum ESG Standard: Investments should meet a minimum ESG standard as assessed by the Manager's documented methodology (or an equivalent independent framework), with disclosure where exceptions are proposed for stewardship/transition rationale.

All appointed Managers must be signatories to the UN Principles of Responsible Investment or the UK Stewardship Code, and demonstrate robust ESG integration capabilities, including dedicated ESG research and reporting infrastructure.

Appendix 2

Investment Committee Members as of 1 January 2026:

Tim Murphy (Chair)	Faye Walsh Drouillard (Board Member)
Michael Gaffney	Paul Morris (Board Member) (Vice Chair)
Richard George	Donnchadh Brown
Catherine Mullarkey (Board Member)	Danny McGinley

Appendix 3

The Endowment Fund portfolio is currently managed by Sarasin & Partners.

Sarasin & Partners

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