

Investment Policy Statement: Edward W. Hazen Foundation

Social Screening and Shareholder Engagement Principles

February 2007

Preface:

The Edward W. Hazen Foundation seeks to align its investment policy with its mission and goals. We have established a set of social and environmental policies that we will apply to the investment decisions of our investment managers. The policies will guide the managers as to which assets can and cannot be purchased for our investment portfolio.

The fundamental mission of the foundation is to support grassroots efforts for public school reform and youth development. The value and assumptions are based on the principles of:

- The inherent worth of all young people regardless of their race, ethnicity, gender, sexual orientation, disability, immigration status, religion, economic or social background;
- A high quality education is a basic civil right of all students;
- The need for equitable and effective means for educating all children to achieve at high levels;
- The value of public schools as the most viable venue for education;
- The need to build public and political will for sustained investment in the education of young people, particularly youth of color and low-income youth;
- Transformation of the lives and future of low-income young people and youth of color requires their active engagement.

Given these principles, our social investment guidelines are based on:

- Social and economic equality;
- Support for the communities where the young people we work with live;
- Support for public education as a priority for the society.

Issue Areas

We wish to avoid investing in companies whose internal policies, conduct, and services and products are harmful to the communities and young people we support the society as a whole. We seek to invest in companies whose conduct, products and services have a positive impact. For these reasons the investment portfolio of the foundation will have the following screens:

1. **Diversity.** We will avoid companies that have a pattern of discrimination based on race, gender, age, sexual orientation or disability.

We will seek companies that foster workplace and board diversity including: representation of women, people of color, and the disabled on boards of directors, and in top management; commitment to corporate diversity, including the establishment of programs that support a more diverse workplace; and recruitment, advancement and training programs for women, people of color and the disabled.

2. **Products and Services.** We will avoid investing in companies that:

- Have a pattern of producing harmful products;
- Are subject to significant fines, lawsuits or controversies with regards to price fixing, anti-trust violations, and consumer fraud;
- Poor community relations relating to discrimination or exploitation of the poor such as redlining and predatory lending.

We will seek companies that make positive products and/or services that improve the health and environment of our communities.

3. **Environment.** We will avoid companies that are major polluters of the air, water, and land. We will avoid companies with poor performance in the areas of:

- hazardous waste
- environmental regulatory problems
- toxic emissions

We will seek companies that are positively addressing environmental issues including reducing their negative environmental impact by eliminating or reducing the use of toxic and hazardous materials, using recycled materials, and developing innovative products that help the environment.

4. **Tobacco.** We will avoid investing in companies that derive revenues from the manufacture of tobacco and tobacco related products.

5. **Alcohol.** We will avoid investing in companies that derive revenue from the manufacture of alcoholic beverages.
6. **Workplace Policies.** We will avoid companies that have a pattern of workplace and human rights abuses including:
 - Use of child or forced labor;
 - Violation of minimum wage and working hour standards;
 - Discrimination in hiring and promotion;
 - Violating principles of freedom of association and collective bargaining;
 - Employee harassment and abuse;
 - Poor workplace safety and health.

For companies that use overseas suppliers and vendors, they should have codes of conduct in place and ensure the implementation of them.

Companies will be favored that have inclusive diversity policies; comprehensive employee benefits, training and development opportunities; a positive workplace health and safety record and that pay a livable wage.

7. **Firearms and Weapons.** We will avoid investing in companies that manufacture firearms and/or derive significant revenue from the sales of firearms. We will avoid companies that derive revenues from the manufacture of conventional and or/nuclear weapons.
8. **Human Rights.** We will avoid investing in companies that have serious human rights issues or support governments with significant human rights abuses.

We will favor companies that have policies and take a leadership role in protecting and ensuring human rights and worker rights. We will take a favorable view of companies that implement codes of conducts and actively address human rights abuses.

9. **Corporate Governance.** We will avoid companies with poor governance structures or that have a record of illegal or questionable activities and whose corporate governance practices compromise stakeholder interests. These practices include:
 - Lack of oversight of the preparation of the entity's financial statements;
 - Poor internal controls and the independence of the entity's auditors;
 - Excess compensation arrangements for the chief executive officer and other senior executives;
 - Lack of independent board members;
 - Securities fraud;
 - Insider loans.

We will seek companies that have good corporate governance practices.

We will apply these principles to our international assets, as we believe that these issues transcend national boundaries.

Policy Review

We will review the Social Screening and Shareholder Engagement Principles on a yearly basis.