Investment Guidelines
Legacy Landscapes Fund (LLF)
(as adopted by the Supervisory Board in February 2021)

LLF Supervisory Board (SB) adopts the following as its Investment Guidelines (“Guidelines”) pursuant to Section 3.8(1)(a) of the Management Board By-laws.

1. Investment Set-up.

LLF does not intend to develop in-house financial and investment expertise that is capable of managing its investment portfolio. Nor does it wish to outsource all investment services to a single bank or asset manager. Rather, in order to diversify its sources of services and assure cost effectiveness and transparency, the Management Board (MB) shall hire an Investment Consultant (Section 3) and recruit an Investment Committee (Section 4) to provide independent professional advice on investing to LLF.

Based on the advice of Investment Committee and Investment Consultant and a selection process consistent with LLF’s procurement policies, the MB shall mandate or assure LLF’s access to:

(i) A custodian bank to hold investments necessary or appropriate to be held by a custodial institution (Custodian).
(ii) One or more discretionary investment managers to manage all or a portion of LLF’s investments in stocks (shares) and bonds (Discretionary Manager).
(iii) Collective investment vehicles (funds or similar, “Investment Funds”) of different kinds that may be held through the Custodian or directly.
(iv) Advice relating to continuing improvement of LLF’s guidelines for Socially Responsible Investment (SRI) (Section 5) and services assuring proper implementation of the SRI guidelines, either through the Investment Consultant or an independent service provider or both.

2. Investment Consultant.

The duties of the Investment Consultant are described in Annex 1.

3. Investment Committee.

The MB shall solicit the services of and appoint persons who have appropriate expertise or experience in investment, economics and/or banking to serve, together with a member of the MB or a special representative of LLF, as LLF’s Investment Committee (IC). IC members shall act as unpaid volunteers unless otherwise approved by the SB. Candidates for IC membership shall be presented to the SB for no-objection. As long as LLF is a member of the Nature Trust Alliance, the MB shall seek to coordinate membership in the IC with other NTA committees. Subject to the foregoing, the MB shall consider candidates for IC membership proposed by the SB. The names of the IC members are set forth in Annex 2, which shall be updated from time to time to reflect changes in membership.

The IC shall work closely with the Investment Consultant to implement these guidelines and any more detailed procedures and policies approved by the MB that may be required to interpret them. Any such policies and procedures shall be made available to the SB for review and to KfW for no-objection. The IC members shall be available to meet by telephone or video conference with the Investment Consultant at least quarterly.

As members of an MB committee, IC members may be named as insureds under LLF’s directors and officers liability insurance policy. As volunteers, IC members are entitled to indemnity arrangements from LLF. IC members are entitled to compensation for costs and expenses incurred in connection with the exercise of their duties.
4. **Strategic Asset Allocation, Return Objective and Risk Appetite.**

LLF shall initially seek an average annual investment return of 3.0+% over a medium-term, seven year time horizon, and in order to achieve that return objective, adopts the Strategic Asset Allocation (SAA) set forth in Annex 3.¹

The above return objective must, however, remain consistent with a SAA reflecting a level of risk judged to be “moderate”. If the overall return objective no longer is judged to be compatible with a moderate risk level given market circumstances, the return sought over a near term period may be temporarily reduced. The MB shall advise the SB if that occurs.

It is the responsibility of the Investment Consultant and Investment Committee to monitor the SAA on an ongoing basis and to ensure that it remains consistent with a moderate level of risk. Any widening of the bandwidth authority of the Management Board reflected in the SAA shall be deemed a material change to these Guidelines and requires approval of the SB.²

5. **Socially Responsible Investing Guidelines**

The Socially Responsible Investing Guidelines (SRI) set forth in Annex 4 is adopted as LLF’s SAA. Further details that do not deviate from the principles outlined may be included in the Investment Policy.

6. **Role of MB and SB**

The approval of these guidelines and any material changes thereto is the responsibility of the SB (LLF charter (Section 11(1); MB by-laws [approval is not required under the Satzung but it is foreseen that the adoption of the guidelines will be a “Zustimmungspflichtiges Geschäft”---references to be inserted]).

The MB is responsible for ensuring the management of the Foundation’s assets in accordance with these Investment Guidelines and any further interpretive procedures and policies. The SB shall receive reports from the MB on investment activity (MB by-laws Section 3.6) and may request a direct report from the Investment Consultant.

The SB shall have the right to require changes to these guidelines and any implementing policies and procedures.

```
*   *   *
```

---

¹ The SB was advised by an independent financial consultant in connection with the adoption of these guidelines that, given LLF’s investment horizon and a “moderate” risk appetite, this return objective is realistic.

² The “no-objection” of KfW is also required.
Annex 1 to Investment Guidelines

The Investment Consultant

The Investment Consultant’s role is that of an advisor to LLF through the MB and the Investment Committee. The Investment Consultant shall provide investment advice concerning the investment management of LLF’s funds consistent with the investment objectives, policies, guidelines and constraints as established in the Investment Guidelines and further policies and procedures established pursuant thereto. Responsibility for appointment and dismissal of the Investment Consultant shall rest with the MB. The SB shall be kept informed of developments relating to the Investment Consultant’s appointment and dismissal, including procurement processes.

Specific responsibilities of the Investment Consultant include:

1. Assisting in the periodic review and development of the Investment Guidelines and related policies and procedures.
2. Assisting with the efficient structuring of custodial and reporting arrangements.
3. Conducting searches for Discretionary Managers and public and private Investment Funds when requested by the Investment Committee (IC) or MB, including:
   - assistance and advice with the engagement of Discretionary Managers and investments in Investment Funds, organizing the respective procurement process (limited competitive bid /“beauty contest”), due diligence and documenting decisions to engage Discretionary Managers or invest in the Investment Funds; drafting appointment letters and negotiating the relevant contractual arrangements; setting risk tolerance limits for Discretionary Managers.
   - Implementation of the sustainability criteria of these Guidelines, including coordinating the services of any sustainability advisor to assure Discretionary Manager compliance with the negative filter criteria of Annex 4 to these Guidelines and conduct of ESG suitability assessment of Investment Funds for compliance with SRI policy (including providing adequate sustainability rating services such as MSCI, Morningstar and ISS ESG).
4. Advising the IC on allocations to Discretionary Managers and Investment Funds.
5. In accordance with the IC’s asset allocation and Discretionary Manager/Investment Fund investment decisions: (i) instructing the Custodian on behalf of the MB or special representative to make investments and dis-investments; (ii) implementing (through instructions to the Custodian, Discretionary Managers or otherwise) any regular re-balancing of LLF’s assets; (iii) checking the correctness of all trades/transactions (including costs and settled price).
6. Ensuring that the overall risk tolerance of LLF’s portfolio is in line with these Guidelines.
7. Conducting Discretionary Manager and Investment Fund reviews at least annually and providing regular (at least annual) "due diligence"/research on Discretionary Manager(s) and Investment Funds including a peer manager review and review of personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.
8. Monitoring and evaluating compliance by the Discretionary Manager(s) with their appointment letters. Monitoring and evaluating compliance by Investment Funds with their agreed policy and strategy.
9. Monitoring the performance of the Discretionary Manager(s), Investment Funds and any self-managed investments to provide LLF with the ability to determine the progress toward the investment objectives; monitoring overall adherence to the Sustainability Policy (Section XII).
10. Regular monitoring of observance of all investment parameters contained in the SAA in Annex 3.

11. Regular reporting to the IC and MB, including:
   • monthly portfolio reports on overall performance including asset allocation and performance/risk figures for each manager and also consolidated.
   • tri-mestrial “donor” reports including investment volume and development of major donors as requested as well as transactions during the reported period (donations and deployments).
   • miscellaneous reports on accrued interest and transactions, dividend forecast and interest income, forecasts on fees (Investment Consultant, Discretionary Managers and Custodian), summary and overview of all fees (including funds).

12. Communicating matters of policy, manager research, and manager performance to the Investment Committee and the Foundation Boards.

13. Meet telephonically at least quarterly with the Investment Committee to discuss investment performance, re-balancings to be effected and any proposed changes to allocation targets (see Annex 2).

14. Attending in person (unless otherwise agreed by LLF) a meeting of the Investment Committee and/or LLF management or supervisory boards at least once per year to review past year progress and discuss issues relevant to the investments of LLF. Minute the results of each Investment Committee meeting.

The Investment Consultant will not act as an investment manager of any of LLF’s assets.

The Investment Consultant will be held responsible and accountable to make every effort to achieve the objectives herein stated, but the liability of the Investment Consultant is limited to deliberate action and gross negligence.
Annex 2 to Investment Guidelines

Investment Committee Composition

**Members**
Alasdair Breach
Johan Holgersson
Ronald Kent
Alexandre Manghi
David Morrison

**Observers:**
Stefanie Lang
Alba Carreras (NTA)
### Asset Class

<table>
<thead>
<tr>
<th></th>
<th>Cash &amp; Equivalents</th>
<th>Bonds</th>
<th>Equity</th>
<th>Real Assets</th>
<th>Alternative Investm.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bandwidths Competence Management Board</td>
<td>1-40%</td>
<td>25-85%</td>
<td>5-45%</td>
<td>5-15%</td>
<td>0-15%</td>
</tr>
<tr>
<td>Cash and Fixed Income</td>
<td>35-90%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bandwidths Competence Investment Committee</td>
<td>1-35%</td>
<td>25-60%</td>
<td>15-45%</td>
<td>5-15%</td>
<td>5-15%</td>
</tr>
<tr>
<td>Cash and Fixed Income</td>
<td>35% -75%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Foreign Currency Allocation

<table>
<thead>
<tr>
<th></th>
<th>EUR</th>
<th>USD</th>
<th>others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bandwidths Competence Management Board</td>
<td>min. 75%</td>
<td>max. 25%</td>
<td>max. 15%</td>
</tr>
</tbody>
</table>

The Investment Committee has to issue the detailed implementing guidelines, such as:

- Boundaries re. market and counterparty risk
- Minimum required diversification
- Requirements concerning liquid tradability of securities
- Definition of allowable and prohibited investment instruments
Policy on Sustainable Investing

1. General Principles.

LLF aims to give preference to investments that contribute real added value in terms of environmental and social issues and taking into account governance standards. This applies both in its direct investing activity and to investments in funds and similar pooled investment vehicles.

LLF is, however, aware that socially responsible investment (SRI) criteria are themselves difficult to define and involve substantial areas of sometimes controversial judgments. It is also aware of the difficulty in ensuring that every security in their portfolios has been issued by companies or organizations complying with all the SRI criteria. In practical terms, the LLF policy consists of the following:

When making investment decisions LLF will prioritize both:
(i) A positive expected return to maximize the impact of the foundations’ missions and activities; and
(ii) Investments in companies or other issuer organizations that:
- are considered not to have a significant negative impact on nature (i.e. do not have a significant business focus in one of the fields referenced in the exclusion list set forth in 2.1 below), and/or
- make a positive contribution to nature’s conservation.

Furthermore, LLF will be attentive to social and employment responsibility and other governance considerations when choosing investments.

2. Negative Filter Criteria

2.1 Direct investments

Direct investments in companies which have as a significant business focus the following industries are prohibited:

- Coal and related industries (e.g. coal-fired power plants)
- Fossil fuels and related industries
- Nuclear energy
- Extraction of mineral resources and related infrastructure
- Tobacco
- GMO or stem cell research
- Gambling

- Hard liquor
- Adult entertainment or violent video games
- Defense/firearms/weapons
- Agriculture, fishing, timber and soft commodities (unless they qualify as positive screen, sustainably themed or impact investments)
- Fur
- Biocides

Direct investments in companies and countries which are known or suspected to engage in objectionable business practices are also to be excluded. Objectionable business practices especially include the violation of international norms, contained for example in the UN Global Compact principles:

- Human Rights Violations
- Labor Rights Violations (including forced and child labour)
- Systematic use of animal testing

- Pollution
- Corruption, tax evasion, illicit financial flows, accounting practices
LLF will contract with an external service provider to create and regularly update a list of publicly traded companies and countries that comply with the above exclusion lists.

2.2 Discretionary Mandates and Customized Passive Investment Schemes

In mandate arrangements with any discretionary investment managers, LLF will either (i) impose the above restrictions on discretionary managers, or (ii) accept an alternative sustainability policy of a discretionary manager (the decision to accept such an alternative policy will be that of the LLF supervisory boards).

LLF may also commission the development of and employ customized passive investment schemes (e.g. ETF or certificate) designed to satisfy the specified negative filter criteria.

2.3 Investment funds and other pooled investment vehicles

Investment funds and other pooled investment vehicles by definition have their own independent investment policies, and LLF recognizes that it is impossible to impose the above-mentioned exclusion criteria when making investments in pooled investment vehicles. However, many such vehicles have their own SRI policies including negative filter and best in class criteria and/or other ways of demonstrating their commitment to sustainability. LLF uses the following criteria to select pooled investment vehicles for investment:

- **Restricted Investment Universe Funds.** If the nature of the investment activity of pooled investment vehicle has a restricted investment universe that falls outside the business activities covered by the exclusion criteria it is by definition compatible with the SRI principles of this Policy (for example, real estate).

- **Externally Certified Funds.** LLF may use and rely on sustainability rating services such as MSCI, Morningstar and ISS ESG. These providers typically employ a combination of negative filters and/or best in class screening and very often consider the UN Global Compact principles. LLF will only rely on rating services that are widely accepted in the market, in line with a set of rules agreed by the Investment Committee that selects the best 10% or better of the rated funds universe from an ESG perspective, and taking into account the negative filter criteria as closely as possible.

- **LLF Vetted Funds.** LLF may vet and internally sanction pooled investment vehicles which consider SRI aspects. In doing so, the Investment Committee may rely on policies and other documents produced by the fund or vehicle in question and analyses of the Investment Advisor.

3. Positive Filter Criteria and Impact Investments

LLF specifically undertake to invest a part of their portfolios in direct investments, investment funds or other pooled investment vehicles which positively contribute to environmental, social or governance issues. Examples include:

- so-called Green Bonds, e.g. of KfW, following international standards applicable at the time of the investment and as long such bonds provide a positive return
- sustainable bond funds
- impact investments
- SRI themed investment funds

The Investment Committee shall, with the support of the Investment Consultant, use standard SRI criteria (such as direct contribution to an SDG) for the purpose of selection and record the relevant criteria for each decision.
4. Banks

In Germany or elsewhere in the EU or Switzerland, banking relationships may be established with a financial institute with a prime rating (C+ ISS ESG or similar).
5. SRI Targets

All LLF investments will be made in compliance with the Policy. By 2025, 15% of the portfolio, will be in Positive Filter Criteria/Impact Investments. This schedule takes into account the fact that the investment universe for SRI investments is currently growing strongly, but that there are currently few suitable sustainable products available on the market for certain investment themes.

The Investment Consultant will monitor the sustainability profile of its investment portfolio such that it conforms to this Policy and that any material deviations are promptly bought to the attention of the Investment Committee and corrected.