INVESTMENT POLICY

Inner Planets Terraforming Foundation Corporation

Adopted: 25 July 2026, by resolution of the Board of Directors (Resolution 2026-OM-3).

1. Purpose and authority

This Investment Policy ("Policy") sets forth the principles, objectives, and procedures by which the Board of Directors of Inner Planets Terraforming Foundation Corporation (the "Foundation") manages the Foundation's investable assets. The Policy is adopted pursuant to the authority of the Board under the Bylaws and is intended to comply with:

(a) the Idaho Uniform Prudent Management of Institutional Funds Act (Idaho Code §33-5001 et seq., "**UPMIFA**"), which governs the management and investment of charitable institutional funds in Idaho;

(b) the prohibition on jeopardizing investments under Section 4944 of the Internal Revenue Code, applicable to the Foundation as a private operating foundation; and

(c) the fiduciary obligations of the directors as managers of charitable assets.

The Foundation's investment activities shall be governed by this Policy as it may from time to time be amended by the Board.

2. Investment objectives

The Foundation's investable assets exist to support its scientific and educational mission across an indefinite time horizon. The Board's investment objectives, in order of priority, are:

(a) **Preservation of real (inflation-adjusted) capital**, so that the Foundation's purchasing power is preserved across decades;

(b) **Generation of investment return sufficient to fund annual operations and the §4942(j)(3) income test**, recognizing that the Foundation is structured as a private operating foundation and must spend at least 85% of the lesser of adjusted net income or minimum investment return on the active conduct of exempt activities each year;

(c) **Maintenance of liquidity adequate to fund near-term commitments**, including grant payments, operating expenses, and any contractual obligations; and

(d) **Avoidance of investments that jeopardize exemption** under IRC §4944 or that conflict with the Foundation's exempt purposes.

These objectives are pursued in the order listed; conflicts between them shall be resolved in favor of the higher-priority objective.

3. Spending policy

The Foundation shall make qualifying distributions for the active conduct of exempt activities at a rate sufficient to satisfy:

(a) the §4942(j)(3) **income test**, requiring that the Foundation expend at least 85% of the lesser of (i) its adjusted net income for the year or (ii) its minimum investment return for the year, on the active conduct of activities constituting the basis of its exemption; and

(b) at least one of the **secondary tests** of §4942(j)(3)(B), namely the assets test, the endowment test, or the support test.

The default secondary test for the Foundation is the **endowment test**, requiring that the Foundation make qualifying distributions of at least two-thirds (2/3) of its minimum investment return directly on the active conduct of its exempt activities. The Treasurer, in consultation with the Investment Committee, shall calculate and report compliance with the income test and the elected secondary test annually.

Anticipating that, at the Foundation's launch funding level, the §4942(j)(3) income-test floor will exceed annual investment return, the Board acknowledges that ongoing contributions from the founder will be relied upon to fund the spending shortfall. The Treasurer shall report annually on the relationship between investment return, ongoing contributions, and qualifying-distribution requirements.

4. Asset allocation

The Foundation's investable assets shall be invested in accordance with the following long-term target asset allocation, as a percentage of total investable assets:

Asset class

Target

Range

Public equities (U.S. and international, including emerging markets)

60%

50–70%

Investment-grade fixed income (U.S. Treasury, agency, and high-grade corporate)

30%

20–40%

Cash and cash equivalents

5%

2–10%

Alternatives (real estate, commodities, alternative funds)

5%

0–15%

Within each asset class:

(a) Public equity exposure shall be diversified across capitalization, geography, and sector, with no single position exceeding 5% of total investable assets at the time of purchase;

(b) Fixed income shall maintain an average credit rating of A or better (as rated by Moody's or S&P), and shall avoid speculative-grade ("junk") debt other than incidentally as part of a diversified fund;

(c) Alternatives are permitted only through pooled investment vehicles (mutual funds, ETFs, registered closed-end funds) and not through direct private investments, hedge funds, or limited partnerships during the Foundation's first three years of operation;

(d) Cash and cash equivalents shall be held in FDIC-insured deposits, U.S. Treasury bills, or institutional money market funds rated AAA or equivalent.

The Investment Committee shall review the Foundation's asset allocation against these targets at least quarterly and shall recommend rebalancing when allocations move outside their respective ranges.

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5. Prohibited and restricted investments

The Foundation shall not invest in:

(a) any security or instrument that, in the judgment of the Investment Committee or the Board, could reasonably be expected to subject the Foundation to tax under IRC §4944 (jeopardizing investments) or §4943 (excess business holdings);

(b) any direct ownership interest in a business enterprise that, when combined with the holdings of the Foundation's disqualified persons, would exceed the §4943 limits;

(c) commodity futures, options, or other derivatives, except as held incidentally within a registered fund;

(d) cryptocurrencies and other digital assets, except as held incidentally within a registered fund;

(e) margin accounts or any form of leveraged investing; and

(f) investments in any entity owned or controlled by a disqualified person within the meaning of IRC §4946.

In addition, mission-related considerations may inform investment decisions: the Foundation shall not invest, where practicable, in companies whose primary business is meaningfully inconsistent with the Foundation's exempt purposes (for example, companies whose primary business is the generation of fossil-fuel electricity, given the Foundation's research interest in planetary habitability and life-supporting environments). This mission-screen is applied by the Investment Committee on a best-efforts basis through fund selection.

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6. Investment Committee

The Investment Committee, established under Bylaws Article VI, is responsible for:

recommending this Investment Policy and any amendments to the Board;

selecting, monitoring, and replacing investment advisers and custodians;

reviewing investment performance against the targets and benchmarks set forth in this Policy;

recommending rebalancing actions when allocations move outside their ranges;

reporting to the Board not less than annually, and more frequently as warranted by market conditions; and

flagging any potential §4944, §4943, or self-dealing concerns to the Board.

The Investment Committee shall be chaired by the Treasurer and shall include at least one Independent Director other than the Treasurer.

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7. Investment adviser

The Foundation may, but is not required to, retain a registered investment adviser to provide investment management services. Any adviser shall be:

a registered investment adviser under the Investment Advisers Act of 1940 or a state-registered investment adviser;

bound by a fiduciary duty to the Foundation;

not a disqualified person within the meaning of IRC §4946; and

selected through a competitive process with reference to fees, performance history, and fit with the Foundation's mission and scale.

The Investment Committee shall review the adviser relationship at least biennially and shall report any concerns to the Board.

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8. Performance benchmarks and reporting

The Investment Committee shall measure the Foundation’s investment performance against the following benchmarks:

(a) **Equity component:** a blended benchmark weighted approximately 70% to a U.S. equity index (e.g., Russell 3000) and 30% to an international developed-and-emerging equity index (e.g., MSCI ACWI ex-U.S.);

(b) **Fixed income component:** a U.S. aggregate bond index (e.g., Bloomberg U.S. Aggregate);

(c) **Total portfolio:** a weighted blend of the above benchmarks corresponding to the policy asset allocation, plus an inflation-and-spending-rate target equal to U.S. CPI plus 5% over rolling five-year periods.

The Treasurer shall provide quarterly performance reports to the Investment Committee and an annual performance report to the full Board.

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9. Review and amendment

This Investment Policy shall be reviewed by the Investment Committee not less than annually and recommended to the Board for re-adoption, amendment, or replacement as appropriate. Material amendments require the approval threshold for amendment of bylaws under Bylaws Article XI, namely two-thirds of the directors then in office.

End of Investment Policy.