

SAVE THE CHILDREN ITALY STATEMENT OF INVESTMENT POLICY AND GUIDELINES

It is the intention of the Board of Directors (Board) of Save the Children Italy to manage its investments in such a manner as to conform to its objects and bylaws.

The Board has delegated oversight activity for its investments to the Investment Committee (Committee) of the Board, which shall report to the Board on a regular basis. In carrying out its responsibilities the Committee will work in accordance with this Statement of Investment Policy and Guidelines and all applicable laws and regulations. The Board reserves to itself the right to revise, or grant exceptions to, this Statement of Investment Policy and Guidelines.

I. THE INVESTMENT COMMITTEE

The Investment Committee is composed by the Treasurer, the Chief Executive Officer and the Chief Financial Officer of Save the Children Italy.

The committee will draw up an investment plan to be delivered to the Board for approval.

The plan will be reviewed and approved by the Board annually.

The Committee may retain one or more professional Investment/Portfolio Managers to manage the investments. The investment manager(s) will:

- provide monthly statements of the investment accounts and activities to Save the Children Italy;
- provide written reports to Save the Children Italy semi-annually on the performance of the investments and the general market conditions;
- meet with the Committee as requested and/or at a minimum bi-annually;
- adhere to the conflict of interest requirements outlined in the Statement of Investment Policies and Guidelines and to the code of ethics and conduct of his/her professional association.

II. INVESTMENTS

Investments include any surplus funds that have been allocated to the Reserve Fund as well as all funds assigned to designated funds, i.e. Emergency Fund, etc. An investment plan will be developed for each designated Fund after consideration of the short- and long-term sources and uses of the Investments. The Annual investment plan will provide a statement of investment strategy, projected return and additions and/or draw downs on the investments.

Eligible Investments:

Save the Children Italy may invest in any and all of the asset categories (subject to the asset mix guidelines):

- Bonds and other debt securities of any major European Countries;
- Bonds of corporations;
- Cash and demand deposits.

Modes of Investment:

All financial activities as well as the acquisition of bonds and other debt securities will always have to be carried out through banks with high credit standing.

II. RESTRICTIONS ON INVESTMENTS

Bonds:

- The total bond exposure shall not exceed 70% of the total investment portfolio;
- The corporate bond exposure shall not exceed 50% of the total investment portfolio;
- Investments in debt securities of any single issuer shall not exceed 20% of the investment portfolio with the exception of Government bonds of Italy and other European Countries, which shall have no limits;
- All corporate bonds shall be listed on a regulated market and shall have a credit rating included in the following list:

Moody's	Standard & Poor's	Fitch Ratings
Aaa	AAA	AAA
Aa1	AA+	AA+
Aa2	AA	AA
Aa3	AA-	AA-
A1	A+	A+
A2	A	A

Short-Term Investments:

- Short-term investments shall have a maturity up to one year;
- Investment in short-term debt securities of any single issuer shall not exceed 20% of the total portfolio with the exception of the short-term securities of the Government of Italy and other European Countries, which shall have no limits.

IV. INVESTMENT OBJECTIVES

Save the Children Italy investment objectives for Funds designated by donors for a specific purpose are preservation of capital with very low risk. The investment objectives for the Reserve Fund are short-term liquidity and preservation of capital. For Funds that accrue to Save the Children Italy beyond the Reserve Fund and any donor designated funds the investment objectives are the preservation of capital with a higher tolerance for risk. For all investments the Committee shall be responsible for recommending the appropriate asset mix and risk level for each Fund appropriate to its investment horizon and cash requirements. The Board shall have final approval of the asset mix and risk tolerance. The Investment Manager(s) shall be measured against objective published benchmarks appropriate to the asset classes on a combined basis.

V. CONFLICTS OF INTEREST

A conflict of interest may arise when an individual or group associated with Save the Children Italy, or its agents, including family members, is in a position to benefit, or is perceived to be in a position to benefit, from a proposed transaction for or by Save the Children Italy. In the event such a conflict of interest arises, the individual or group should immediately notify the CEO and members of the Committee, verbally or in writing, of the real or perceived conflict of interest. The concerned individual(s) may not participate in the decision making process concerning the transaction involved.

Notwithstanding the above, the investment manager(s) may from time to time make personal portfolio transactions in marketable securities that are also held by Save the Children Italy and other clients of the investment manager. The investment manager(s) must maintain a system to monitor conflict of interest situations. That system will include a policy for internal disclosure and a system to ensure no personal benefit is derived from transactions made on behalf of Save the Children Italy.

VI. INVESTMENT POLICY REVIEW

It is the intention of the Committee to ensure that that the investment approach continues to be appropriate to Save the Children Italy's needs, and responsive to changing economic and investment conditions.

This statement of Investment Policy and Guidelines will be reviewed bi-annually, or more frequently if deemed necessary in order to ensure that it continues to be appropriate.