

## The Rockefeller Foundation

### Mission-Related Investing

The Rockefeller Foundation has a significant endowment, the results of gifts from our founder, John D. Rockefeller, Sr. and his wife, Laura Spelman Rockefeller. For more than 100 years, each generation of trustees has been entrusted with the responsibility for establishing the investment strategy. Through prudent asset management, The Rockefeller Foundation has been able to maintain the value of our endowment in real terms while giving away more than \$17 billion in real dollars over our history.

Today, our trustees continue to evolve our investing strategies within a changing landscape, and consistent with our mission.

The Foundation has also contributed to the evolution of the investing landscape, [pioneering the field of impact investing](#), through which investors can make investments with the intent of generating both profit and social and/or environmental impact. Through our grantmaking over the last nine years, we have invested more than \$40 million in building the networks, measurements, and standards that have enabled impact investing to mature into a tool for investors. In a signal of its growth, in 2015, at the behest of clients, the world's largest asset manager, BlackRock, launched its own impact investing portfolio.

The table below depicts the variety of approaches that lie between traditional investments and grants that provide alignment with mission. These range from Responsible Investing to Sustainable Investments to Impact Investing. The Foundation has taken steps across this spectrum to enhance investment alignment with mission.

# Capital spectrum and definitions

CAPITAL DEPLOYMENT RANGES FROM TRADITIONAL INVESTMENT TO GRANTS. BETWEEN THESE TWO ENDS, MRI SPANS RESPONSIBLE, SUSTAINABLE AND IMPACT INVESTMENT STRATEGIES.

		INVESTMENT		PHILANTHROPY*		
		TRADITIONAL INVESTMENT	MISSION-RELATED INVESTMENT (MRI)		PROGRAM-RELATED INVESTMENT (PRI)	GRANTS
FOUNDATION APPROACHES		Seek competitive financial returns regardless of, or with little consideration for, ESG factors.	Investments from a foundation's endowment that seek to achieve specific goals to advance mission. Generally seek competitive financial returns.		Part of a foundation's annual payout, PRIs seek to advance the foundation's mission, with financial return a secondary consideration. Often below-market rate.	Focus on generating specific social or environmental impacts with no expectation of financial return.
	STRATEGIES					
			RESPONSIBLE**	SUSTAINABLE**	IMPACT**	
			ESG risk management	ESG opportunities	Target social and environmental impact	
			Screen investments for ESG risk factors, excluding those investments with material exposure to those risks. Generally seek competitive financial returns.	Focus on ESG opportunities through active investment selection, portfolio management, and shareholder advocacy. Generally seek competitive returns and alpha generation driven by ESG factors.	Intend to generate specific measurable social and environmental impact alongside a financial return. Financial return expectations may range from below-market to market-rate depending on strategy and specific investment context.	

\*Counts as charitable distribution towards 5% payout.

\*\*Note US SIF now uses the acronym "SRI" to indicate sustainable, responsible, and impact investment (as opposed to its previous definition as socially responsible investment) reflecting the continued evolution of usage and interchangeability of these terms.

[Enlarge Image](#)

- Responsible Investing involves excluding or avoiding certain categories of investments. Since 2000, The Rockefeller Foundation has used a negative screen for tobacco-related securities, and today we are divested from directly-held tobacco investments. We continue to follow the divestment issue to see whether it is a tool that has impact across various issues. We also monitor our investments in certain controversial areas. For example, our exposure to coal and tar sands is less than 0.2 percent of the endowment.
- Sustainable Investments are positively screened for ESG (environmental, social and corporate governance) factors. The Foundation's endowment has invested \$85 million with one of the leading managers that use this approach. This global manager bases its strategy on the belief that sustainability issues can impact a company's ability to generate returns and therefore must be fully integrated with other financial analytics to achieve superior long-term investment results. Five more of Rockefeller's equity managers have signed the UN Principles for Responsible Investment, which means they incorporate ESG issues into their investment analysis and decision-making process.

Within [Impact Investing](#), the Foundation has made both Mission-Related Investments (MRIs) in the endowment, as well as [Program-Related Investments](#) (PRIs).

- In Mission-Related Investments: Currently, the endowment portfolio includes approximately \$68 million (or 1.8 percent of the fund) in climate change positive investments. This includes investments such as renewables, clean energy and technology, and sustainable forestry.
- Program-Related investments are made to complement grantmaking in reaching program goals. The Rockefeller Foundation formally launched our PRI portfolio in the 1990s. Since then, we have funded millions of dollars of international and domestic investments in the form of loans, equity investments, and guarantees. Over the years, The Rockefeller Foundation has invested in some of the most innovative impact investments, including the first microfinance debt fund; one of the first guarantees to a financial institution in Uganda to unlock access to credit for smallholder farmers; a structured loan fund for low-income housing in New York City that layered capital from multiple sources, including banks, foundations and the government; and [the first social impact bond in the United Kingdom](#). Through this growing portfolio, the Foundation is supporting poor and vulnerable people by improving asset ownership, expanding access to services, and creating or preserving jobs. At the same time, in some instances, these investments have created modest financial returns.

### Building the Field of Impact Investing



In addition to the impact investments made through our endowment, [The Rockefeller Foundation has invested \\$40 million over the last nine years through our grantmaking to build the field of impact investing](#).

Our accomplishments—and their impacts—include:

- Incubating the [Global Impact Investing Network \(GIIN\)](#), to increase the scale and effectiveness of impact investing. The Network has more than 200 members across 30 countries.
- Supporting [B-Lab](#) to develop a rapidly-growing global community of B Corporations. To date, more than 1,700 companies in over 50 countries spanning 130 industries around have become certified B Corporations.

- Establishing reporting and performance standards for non-financial performance, including the [Impact Reporting and Investment Standards \(IRIS\)](#) and [GIIRS](#) analytics. In a recent survey, a majority of impact investors said they used IRIS, which comprises 559 different metrics to help investors understand, measure, and compare the kinds of impact most important to them.
- Building the ecosystem for [Social Impact Bonds \(SIB\)](#) in the United States. Currently nine states have launched pay-for-success projects, with nearly two dozen other states in exploration phases.
- Publishing (with Wharton Digital Press) [The Power of Impact Investing: Putting Markets to Work for Profit and Global Good](#), co-authored by [Judith Rodin](#) and Margot Brandenburg, a compelling resource for anyone interested in better understanding the impact investing field.

Visit [The Rockefeller Foundation Mission-Related Investing page](#) to learn more.