The Rockefeller Foundation
Social Investing Guidelines

The Rockefeller Foundation was founded in 1913 by John D. Rockefeller, Sr. to "promote the well-being" of humanity. Today the Foundation works around the world to expand opportunities for poor or vulnerable people and to help ensure that globalization's benefits are more widely shared. It is one of the few institutions to conduct such work both within the United States and internationally.

The Foundation has a significant endowment, the result of the gifts by Mr. Rockefeller. He intended that the Foundation would work in perpetuity, and our investments are managed with this in mind. Thus we seek to balance two long-term objectives – maximizing funds for current programs and maintaining "generational neutrality." This concept of generational neutrality – managing the endowment to ensure grant-making ability over the long term – remains a touchstone for the Foundation.

The investment of the endowment, we recognize, not only fuels our grant-making but also holds the potential for more directly advancing our work – or, if invested unwisely, to retard that work. We take seriously questions surrounding the deployment of our funds, just as we do issues surrounding our program initiatives. That is why we set out this policy, clearly and publicly. The policy statement, like all the Foundations policies, will be reviewed from time to time by the Foundation's staff and, if necessary, by its Board of Trustees, to ensure that our investments remain consonant with our work.

There are four ways that an institution such as the Rockefeller Foundation can align its investment portfolio with its programmatic mission and initiatives.
They are:

- Investments with social value – investments that are evaluated first with an investment screen and second with a social screen;
- Socially targeted investing – investments that are evaluated first with a social screen and second with an investment screen;
- Shareholder advocacy – including voting proxies in a manner consistent with program and values; and
- Negative screening – barring holdings in companies deemed particularly problematic.

<u>Investments with social value</u> – The Foundation has long sought public and private investments of this sort. For example, funds that promote renewable energy and support sustainable forestry practices are in our current portfolio.

Socially targeted investing – Such investments include those that meet the legal criteria to qualify as program-related investments (PRI's), as well as other program-driven investments, such as loans, equity commitments and social entrepreneurship (which employs a venture capital model). The Rockefeller Foundation has undertaken $59 million in program-related and program-driven investments over the last two decades, including $20 million through our ProVenEx experiment ($12 millon of this structured as PRI's).

We have learned from this experience that investment and loans can be creatively deployed to enable established intermediaries (such as micro-finance banks or community loan funds) to extend the reach of their services to poorer and more vulnerable communities. More generally, we have concluded that, while time- and resource-intensive, directed social investing can be successful if deployed in carefully selected asset classes, investment instruments and sectors, such as fixed income investments in U.S. community development or microfinance. The Foundation will continue to make such investments from time to time, and particularly in circumstances that support our program initiatives

Shareholder advocacy – For many years the Foundation has taken an active approach to voting the proxies of equities directly held in our endowment portfolio, considering both corporate governance and social issues. Proxies on governance are voted in line with evolving standards of good practice. On social issues related to our program work, votes are cast consistent with positions we have taken programmatically. In 2006, the Foundation voted on such proposals at nearly 200 shareholder meetings, and cast votes on almost 2,000 such items. The Foundation does not hesitate to vote proxies adverse to the recommendation of management of companies in which it holds shares, and has regularly done so, when appropriate, on issues of both corporate governance and social questions.

Negative screening – We have determined that the Foundation will not directly invest in the securities of companies whose primary activity is related to tobacco.