



Rockefeller
Brothers Fund

Philanthropy for an Interdependent World

Investing In Our Mission

Introduction

Founded in 1940, the Rockefeller Brothers Fund seeks to build a more just, sustainable, and peaceful world. In doing so, it is dependent on its endowment to generate the funds required to advance this mission, including meeting its legal obligation to distribute five percent of its endowment for charitable purposes each year.

Given the enormous and complex challenges facing today's increasingly interdependent world, the Fund seeks to leverage the remaining 95 percent of its assets to complement its philanthropy through mission-aligned investing.

Introduction (cont'd)

Our [board of trustees](#), [investment committee](#), and outsourced chief investment office (Agility) look to a rigorous [investment policy](#) to achieve long-term financial objectives while seeking mission-aligned investment strategies.

In developing the Fund's approach to align its portfolio with its mission, the long-term return objective of the investment policy was changed in 2014:

- From: Manage the endowment to maximize annualized net returns over rolling 10-year periods while adhering to the Fund's stated risk parameters.
- To: Maintain the endowment in perpetuity with “generational neutrality”; therefore, the long-term objective is to preserve its real value.



RBF Mission-Aligned Investing: Historical Overview

Over the last 15 years, The Rockefeller Brothers Fund has evolved and adapted its approach.



Commits to a 10% target for impact investments

2005

Switches to Agility for customized portfolio management

Pledges to divest from fossil fuels

2010

2014



Increases the target for impact investments to 20%

2015

2016

Reviews findings from Agility's ESG Due Diligence Questionnaire (DDQ), which captures detailed information on how RBF's managers are integrating ESG in their investment practices.

2017

2018



Adopts a Gender and Racial/Ethnic Equity Lens investing framework, with a goal of 25% of RBF's endowment to be managed by majority diverse-owned managers.

2019

Publishes 5-year case study on divestment.

2020

Adopts proxy voting guidelines (used until 2008)



Directs Agility to ask managers, where possible, to vote according to ISS' *Sustainability U.S. Proxy Voting Guidelines*, and implements its guideline for separately managed accounts



Embarks on a series of discussions about increasing gender and racial diversity amongst investment managers within the portfolio.

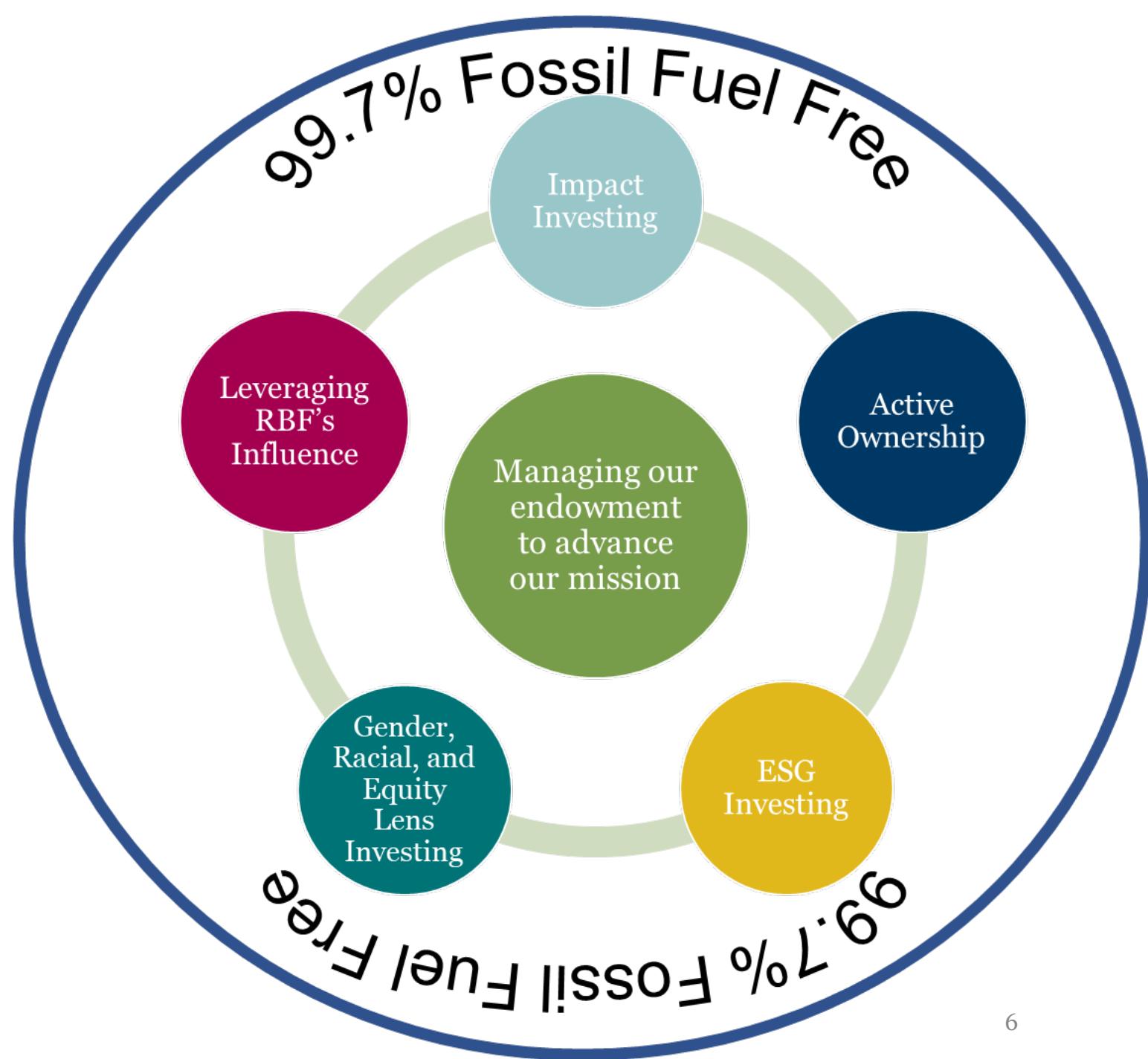
Portfolio reaches 99.7% fossil fuel free and has 25.5% invested in ESG funds (based on 12/31/20 Net Asset Value) and 13.7% in capital committed to private impact funds.

Aligning the Fund's Endowment with its Mission

A multi-pronged approach:

- At the highest level, the Fund has divested from investments in fossil fuels.
- At the same time, the Fund seeks to advance its mission through an array of alignment strategies:
 - Adopting an ESG lens,
 - Impact investing,
 - Increasing diversity among its investment managers,
 - Exercising active ownership, and
 - Leveraging RBF's influence to build the field of mission aligned investing.

RBF's Multi-pronged Approach to Mission-Aligned Investing



Fossil Fuel Divestment

- On September 22, 2014, the Fund committed to a two-step process to divest from investments in fossil fuels (“FF”). The Fund’s immediate focus was on coal and tar sands oil, two of the most intensive sources of carbon emissions, with a longer-term approach to eliminate all FF from its holdings.
- All managers in the RBF’s portfolio are monitored for FF exposure* and the potential for additional FF exposure is assessed prior to making any new investment and balanced against the RBF’s objective to preserve the real value of the endowment and its primary benchmark of 70% MSCI ACW and 30% Barclays Global Aggregate Bond.
- In 2020, the RBF released *Investing in Our Mission*, a case study detailing how its mission-aligned investment strategy produced returns that beat market benchmarks.
- <https://www.rbf.org/mission-aligned-investing/divestment>

**The Fund uses the MSCI Fossil Fuel Reserves Screen to evaluate its fossil fuel exposure for publicly listed holdings; all companies owning fossil fuel reserves, regardless of industry, are captured in the screen. For private holdings and funds where individual holdings are not available, total energy sector exposure is used to conservatively estimate fossil fuel exposure.*

ESG Investing

- The Fund defines ESG investments as those that consider environmental, social, and governance criteria along with financial metrics to improve financial returns and reduce risk to ensure they reflect its mission.
 - ESG criteria can include factors such as carbon emissions, land use, labor management, health risk, board diversity, and financial transparency.
 - <https://www.rbf.org/mission-aligned-investing/esg-investments>
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Impact Investing

- The Fund defines impact investments as investments that both deliver market-rate returns and generate meaningful and measurable impact supporting its mission, including investments in clean energy development.
- The Fund has set a target to allocate 20 percent of its portfolio to impact investments.
- <https://www.rbf.org/mission-aligned-investing/impact-investments>

Assessing the Outcomes of ESG and Impact Investments: Multi-Pronged Mission Alignment Metrics



Holistic Approach

1

Agility's approach to impact metrics blends **qualitative and quantitative data**. Impact is considered through the **lenses of intentionality, outcomes, and scalability**, with alignment to industry standard goals and metrics. There is recognition that **impact outcomes can be positive and negative**.



GIIN IRIS+ Alignment

2

The Global Impact Investing Network (GIIN) designed a **catalog of generally accepted impact performance metrics, IRIS+, to measure social, environmental, and financial success**. GIIN has aligned with **50+ organizations** to advance the use of social and/or environmental performance data for impact decision-making.



SDG Alignment

3

Agility implemented the **Sustainable Development Goals (SDGs)** as an industry standard method for categorizing ESG and impact goals. SDGs are a collection of **17 United Nations-backed global goals focused on improving the world's most pressing issues**.



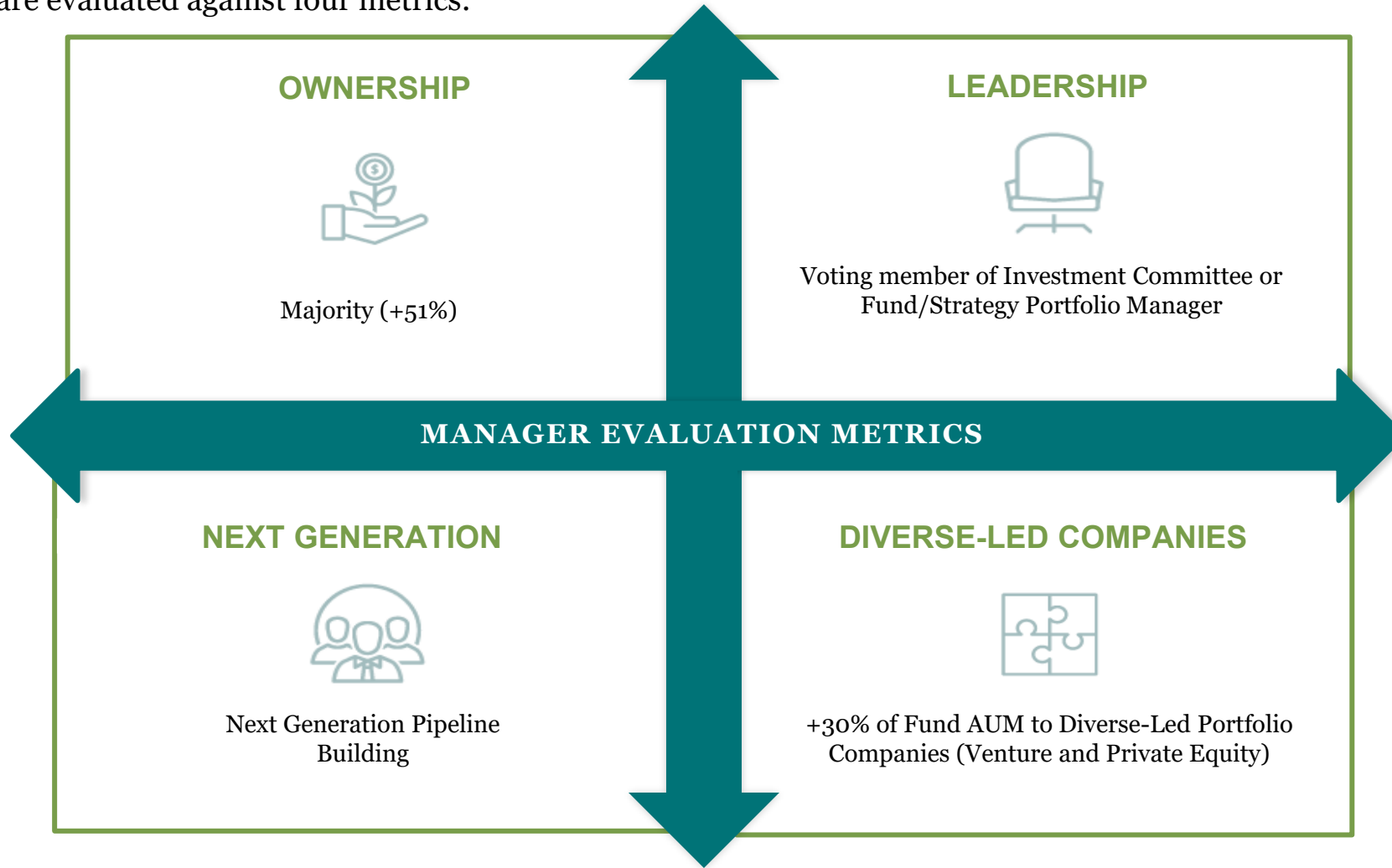
Industry Coalitions

4

The **ESG and impact industry at large has yet to coalesce around a standard set of agreed upon ESG and impact metrics**, with multiple "standardizing bodies" working towards similar goals. **Agility seeks to actively engage with industry coalitions** and efforts to further standardize ESG and impact metrics.

Gender, Racial, Equity Lens Investing

- Focus areas of the Gender and Racial/Ethnic Equity Lens (GREL) investing framework:
 - Women/people of color (W/POC) with emphasis on under-represented groups within client portfolios.
 - Intentional tracking of women and racial/ethnic groups (captured in GREL DDQ).
 - Managers are evaluated against four metrics:



Mission Aligned Active Ownership

PROXY VOTING

Engagement with public equity managers

- Direct implementation of RBF's Proxy Voting Guidelines with RBF's separate account managers in the Global Equities portfolio.
- Sharing RBF's Proxy Voting guidelines with RBF traditional and ESG managers and encouraging consideration of the guidelines.
- A timeline of the Fund's engagement through shareholder ownership is outlined on the following slide.

ESG & IMPACT

Constructive collaboration on ESG and impact

- Support for managers as they design and develop ESG policies as well as feedback on approaches to ESG and impact metrics.
- Engagement with managers and the broader industry on approaches to ESG and impact values alignment in portfolios, including opportunities, challenges, and models for implementation.

ADVANCING DIVERSITY

Ongoing, fact-based discussions regarding diversity in asset management

- Detailed gender and racial/ethnic equity lens questionnaire that "plants a flag" for measurement and supports ongoing discussions about diversity dynamics and outcomes.
- Shared learnings and best practices amongst managers alongside active engagement with the broader industry.

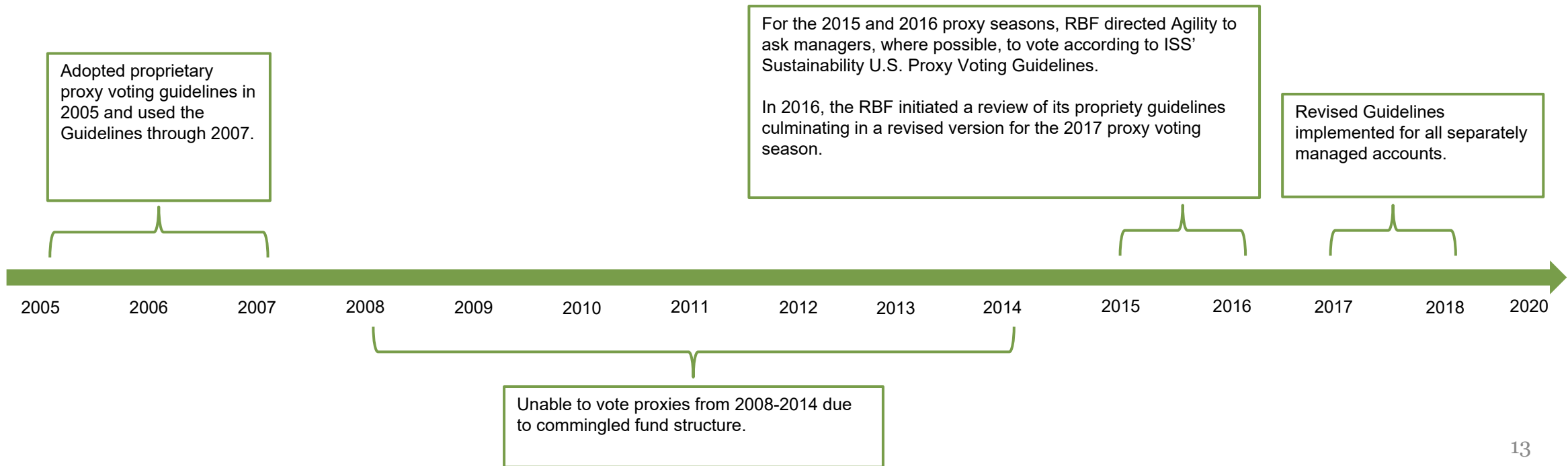
DIVESTMENT

Intentional structuring for divestment implementation

- Multiple options for implementing divestment, tailored to the nuances of different asset classes.
- Negotiated side letter agreements that stipulate divestment criteria.

RBF Proxy Voting History

- Proxy voting aligns with RBF’s Democratic Practice program objectives by promoting good corporate governance practices that are consistent with encouraging long-term value creation for shareholders.
- RBF developed its Proxy Voting Guidelines (“the Guidelines”) with the understanding that the voting rights that come with common stock ownership are economic assets of the foundation. Conscientious financial stewardship demands that proxy voting rights, like all other economic assets of the foundation, be managed with proper care and attention.
- The Guidelines reflect the view that voting rights give shareowners the opportunity – and the responsibility – to participate in the governance and activities of publicly owned corporations.
- Key areas of focus include governance, compensation, capital structure, shareowner proposals, environmental sustainability and social responsibility, climate change, political activity, human rights, diversity and free speech.



Leveraging RBF's Influence:

to advance the field of mission aligned investing through grantmaking, sharing our journey, and transparency into our process.



Signatory of:



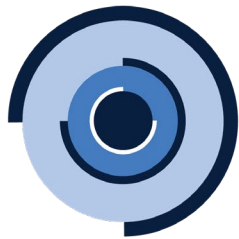
*An initiative of
CraneSustainability.org*



**THE U.S.
IMPACT INVESTING
ALLIANCE**



**Divest Invest
NETWORK**



THE IMPACT

**GENDER
SMART**



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