



## Mission Aligned Investing Strategy September 14, 2023

### I. **Purpose Statement:**

- A. **Foundation Background:** The Grace S. and W. Linton Nelson Foundation is a private independent foundation that was established through the generosity of the late Grace and Bill Nelson. Incorporated in 1984, the Foundation began active grantmaking in 1988 following the death of Mrs. Nelson. Since that time, the Foundation has made grants totaling more than \$30 million to organizations serving children and youth. In 2022, the Foundation committed to a new mission that centers racial equity and social justice in its work supporting young people.
- B. **Mission Statement:** The Nelson Foundation acts to eliminate systemic racial and social inequities by investing for impact with partner organizations in the Greater Philadelphia region that are committed to serving young people, their families and the communities in which they live.
- C. **Mission-Aligned Investing Statement:** The Nelson Foundation continuously works to align its assets, investing and spending with its mission, vision, and values to advance the disruption of White Dominance and systemic oppression.

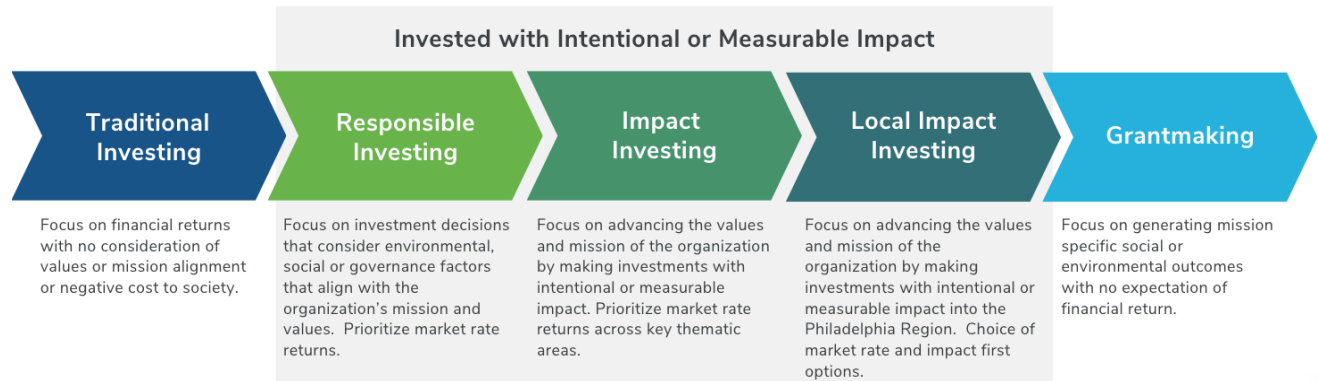
### II. **Guiding Principles:**

- A. **Fiduciary Responsibility:** We believe that the primary fiduciary responsibility of every philanthropic institution is to uphold and further its mission, vision, and values. As a practical matter, at The Nelson Foundation, we will examine our portfolio on a regular basis to ensure that none of our holdings do harm to or work against our mission, vision, and values.
- B. **Commitment to Diversity, Equity, and Inclusion:** At the Nelson Foundation, we recognize philanthropy's role in perpetuating white dominance and systemic oppression, and we have committed to values that place diversity, equity, and inclusion at the core of our culture and our work.
- C. **Foundation Values:** The following values are the Foundation's guideposts for everything we do: Accountability, Equity, Partnership, Transparency, and Humility.

- III. **Mission-Aligned Investing Definition and Objective:** Mission-Aligned Investing is the process of aligning our assets with our values and mission by investing in ways that generate positive social or environmental impact alongside a financial return. Our objective and responsibility are to avoid or influence investments that go against our values and mission and invest in ways that advance our mission.

#### IV. Nelson Foundation’s Mission-Aligned Investing Framework:

## Values and Mission Alignment



#### V. Mission-Aligned Investing Strategies: Mission-aligned investment strategies apply to all financial instruments and asset classes.

##### A. Responsible Investing Strategy

1. **Public Equities:** The objective is to intentionally avoid or influence investments that go against the foundation’s mission and values. Approaches include:
  - a) **Divesting:** Integrate specific environmental, social or governance factors that do not align with our values or mission. Nelson Foundation seeks to avoid investments that are in direct conflict with our mission and values and most perpetuate racial inequities and social injustices including (but not limited to): Private Prison Operators, Prison Industrial Complex and Border Industry Worst Offenders, companies that use Child Labor, Gun Manufacturers and companies developing Cluster Munitions and Landmines, and Tobacco.
  - b) **Thematic Investing:** Focus on social or environmental solutions that create commercial growth opportunities that **reflect** our values and mission. Examples include Education, Workplace Equality and Racial and Gender Diversity at the Board and C-suite levels.
  - c) **Shareholder Activism:** The process of leveraging the Foundation’s position as a shareholder to **influence** corporate decision-making through public pressure or shareholder resolutions.
  - d) **Promoting Diversity:** Prioritize BIPOC and women fund managers and firms. When possible, The Nelson Foundation seeks to invest in BIPOC and female-owned or led firms or have policies and plans in place to increase BIPOC leadership in the near future.
2. **Fixed Income:** The objective is to intentionally invest in ways that align with the Foundation’s mission and values. Eligible investments might include Municipal Bonds, Mortgage-Backed Securities, and Social and Green Bonds.
  - a) **Divesting:** Integrate specific environmental, social or governance factors that do not align with our values or mission. The Nelson Foundation seeks to avoid investments that are in direct conflict with our mission and values and most perpetuate racial inequities and social injustices including (but not limited to):

Private Prison Operators, Prison Industrial Complex and Border Industry Worst Offenders, companies that use Child Labor, Gun Manufacturers and Companies developing Cluster Munitions and Landmines, and Tobacco.

- b) **Thematic Investing:** Focus on social or environmental solutions that create commercial growth opportunities that **reflect** our values and mission. Examples include Affordable Housing, Community Infrastructure, Education and schools, and Healthcare.
- c) **Promoting Diversity:** Prioritize BIPOC and women fund managers and firms. When possible, Nelson Foundation seeks to invest in BIPOC and female-owned or -led firms or prioritize leaders in DEI policies and plans.

**B. Impact Investing Strategy – Private Markets:** The objective is to intentionally invest globally in ways that align with the Foundation’s mission and values. Investments might focus on:

- 1. **Social and Racial Equity:** When possible, The Nelson Foundation seeks to invest in ways that reduce racial injustices and/or advance racial equity. Investments should intentionally and measurably reduce inequities across key racial justice issues through their operations, investment decisions or products and services.
- 2. **Economic Justice:** The Foundation seeks to make investments that address the Racial Wealth Gap, Financial Inclusion, and Employment and/or Livelihood.
- 3. **Community Development:** Investments that improve Education, Health and wellness, and/or Affordable Housing for historically disadvantaged groups.
- 4. **Promoting Diversity:** The Foundation seeks to make investments prioritizing BIPOC and women-owned or -led organizations.
- 5. **Eligible Asset Classes for Investment Include:** Private Equity, Venture Capital, Community Funds and Investment Notes, and Real Estate.

**C. Local Impact Investing Strategy – Private Markets:** The Nelson Foundation will consider opportunities, in line with the broader impact investing strategy, with the following additional guidelines:

- 1. **Geographic Focus:** Greater Philadelphia Region
- 2. **Financial Return Expectations:** Choice of Market Rate or Impact First Options
- 3. **Organizations Eligible for Investment Include:** Community Development Financial Institutions, Community Funds, Real Estate Projects, Non-Profits, Cooperatives, Impact Venture Capital, and Small Businesses.

**VI. Financial Return Expectations:** The Nelson Foundation intends to generate positive social impact alongside financial returns. Through The Nelson Foundation’s mission-aligned investing strategies, the Foundation expects to generate competitive market returns.

**A. Responsible and Impact Investing Strategy:** The Nelson Foundation expects market rate returns within the responsible and impact investing strategies.

**B. Local Impact Investing Strategy:** On occasion, the Foundation can choose to prioritize impact-first investments within its local impact investing strategy to maximize a specific impact objective. This includes program related investments and similar financial instruments.

- VII. Implementation:** Starting in 2024, the board has set a 5-year time horizon to move 100% of the Foundation’s assets into mission-aligned investing strategies, including 5-10% carved out specifically for local impact investing.
- A. Responsible and Impact Investing:** In order to meet the five-year goal of a 100% mission-aligned portfolio, approximately \$3-4M (15-20%) should be invested with intentional and measurable impact each year through 2028.
  - B. Local Impact Investing:** Within the 15-20% yearly target, approximately (1-2%) of the Foundation’s assets will be invested in the Philadelphia region through 2028.
- VIII. Roles and Responsibilities:**
- A. Investment Manager:** The Nelson Foundation’s investment manager will be responsible for implementing and monitoring the Foundation’s responsible and private impact investing strategies.
  - B. Board of Directors:** Will have oversight of the investment manager and staff in meeting the Foundation’s MAI goals and ensuring that staff has the resources and skills to design, implement and monitor the Foundation’s local impact investing strategy.
  - C. Staff:** The Foundation’s staff will be responsible for designing, implementing and monitoring the Foundation’s local impact investing strategy.
- IX. Evaluating Progress:** On an annual basis, the Endowment will be assessed for mission alignment.

**Adopted by The Nelson Foundation Board of Directors on September 14, 2023**