

Incorporate Investment Policy Statement

Capturing Opportunity – Conserving Place

Approved by the Incorporate Board on February 16, 2016 – and as updated through June 7, 2019



Preamble

Incorporate's investment policy for governing our prudent investment of financial assets begins with our stance as a philanthropy that is values-led, user-centered and place-based. Our Investment Policy Statement establishes a mission and values framework for all aspects of Incorporate's financial asset management, including our *definitions* of purpose, scope and fiduciary responsibility; *objectives*; *implementation guidelines*; and *accountability* through transparency, monitoring and reporting.

Incorporate operates from a central belief that people are our most important asset and positive community change happens when individuals have the opportunity to realize their full potential. Residents who feel a sense of ownership, shared responsibility and shared destiny by virtue of a shared place are essential in shaping healthy, sustainable and inclusive economic growth.

With values of equity, opportunity and shared stewardship, we work with residents to advance our core purpose of co-creating an inclusive, adaptive and sustainable community in our Central Wisconsin region.

Achieving that core purpose in our experience requires integrated management of a spectrum of institutional and community capitals including moral, human, social, intellectual, reputational and natural, as well as financial.

It assumes that economic value resides not just in financial currency, but in human integrity, skills, curiosity and relationships, including a commitment to steward all human and natural resources.

Often termed goodwill or intangible assets, we apply this frame to broaden the definition of wealth in our community, enlarging our own and the community's perspective to more properly value the contribution and potential of all residents, as well as our rich natural resources.

Our deployment and management of capital focuses first on how we can best connect and cultivate all capitals – particularly human capital – in a community that works well for all people within our region. We do this through investments in values-aligned regional funds, organizations, companies and projects. We then seek investments in corporations that reinforce these values in regional operations and more broadly. We take activist positions to challenge corporations whose regional operations undermine the values. We apply our mission and values framework to the management of our spending and operations.

The *scope* of our Investment Policy Statement provides guidance for Incorporate's prudent investment of financial assets in the context of this integrated management of all capitals toward the end of co-creating an inclusive, adaptive and sustainable community.

Among the implications of this scope are that Incorporate:

- Holds and seeks investments in private funds, organizations, companies and projects that are focused on creating a more equitable and environmentally sustainable economy in its Central Wisconsin region. This includes but is not limited to Community Development Financial Institutions (CDFIs) with a purpose to invest in underserved communities and to benefit underserved populations.
- Has created *investment criteria* to ensure that its management of financial capital optimally supports the short- and long-term goal of realizing a community that works well for all people, while minimizing the financial and other risks to both Incorporate, the community it serves and the larger human and global community of which our region is a part.
- Actively seeks investments in companies, funds and projects within our region and state that are aligned with our mission and values while exercising all of the care, skill, prudence and diligence that a prudent person in like capacity and familiar with such matters would apply.

- As needed to fulfill our risk management responsibility for investment diversification, seeks investments in values-aligned companies, funds and projects within larger geographies. This includes a proactive commitment to seek opportunities to engage emerging managers who show potential to generate strong financial returns through values-aligned investment strategies.
- Secures strategic holdings in companies operating within our region that are *not* aligned with the goal of realizing a community that works well for all people, in order to hold those companies to account and seek to influence their management to adapt practices that are consistent with respect for workers, communities and a healthy, sustainable environment.
- Manages its spending and operations, including its purchasing function and supplier relationships, with the same mission and values framework as it applies to investment decisions. To help build regional value chains and foster wealth creation through recirculating local dollars, Inourage strives to utilize suppliers that are based within its region and state, subject to their ability to provide its requisite services and their alignment with its values of equity, opportunity and shared stewardship.
- Carefully monitors all of its public and private market investments with a view to tracking social, environmental and governance (ESG) factors *in addition to* the same vigorous financial monitoring that we have always conducted. Consistent with our integrated or connected capitals approach, Inourage is designing and will report on investment performance metrics that track changes in its own and its community's stocks of moral, human, social, intellectual, reputational and natural as well as financial capital. While measuring the often-intangible underlying assets can be challenging, Inourage will seek to track its performance in ways that reinforce and inform broader field practice in tracking investment performance on ESG criteria.

Inourage is implementing its mission- and values-aligned investment policy on multiple levels. Building upon 2010 and 2012 initial investments in two regional CDFIs focused on microenterprise, Inourage:

- Has evaluated and added CDFI investments focused on affordable housing, sustainable agriculture, food systems and microenterprise, and is evaluating state-issued bonds, as part of its fixed-income allocation.
- Is serving as lead investor on the development of the Tribune, a downtown Wisconsin Rapids community accelerator and the city's first LEED-certified building on the banks of the Wisconsin River.
- Has created a customized fund of publicly traded equities that prioritizes companies headquartered in or employing Wisconsin workers and actively votes company proxies and engages in shareholder dialogue to encourage responsible practices and business growth in Wisconsin, named the Wisconsin Shared Stewardship Equities Fund (WSSEF).
- Has built a portfolio of publicly held companies operating in its region with practices that undermine its values of equity, opportunity and shared stewardship. Through active ownership strategies, Inourage seeks to influence these corporations to adapt policies and practices that respect workers, communities and a healthy, sustainable environment.
- Has partnered with the USDA, to lead Blueprints for Tomorrow, a 25-month initiative that helped build networks and skills to generate a regional pipeline of investment opportunities that can accelerate the realization of a sustainable community. Inourage is already identifying investment opportunities and recruiting capital for this pipeline.
- Is developing a range of social, environmental, governance and connected capitals metrics to complement the financial monitoring of its investment portfolio.

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