

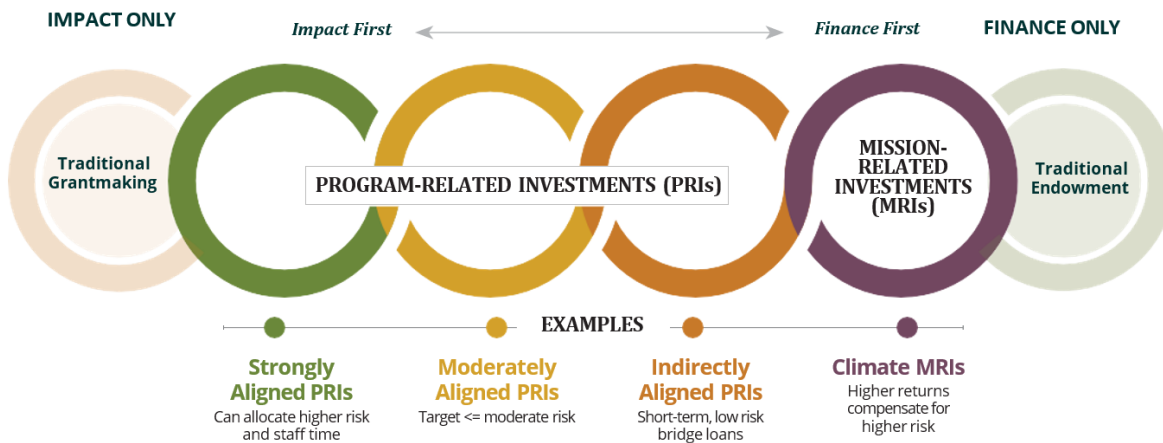


Mission Investing Program Overview

The driving goal of our Mission Investing program is to achieve maximum impact towards our Foundation’s goals and priorities with our dedicated \$250 million in capital over the long term. While grants are our Foundation’s primary tool for impact, our Mission Investing team seeks situations where a loan or equity investment is well-positioned to achieve innovation, scale, and impact towards our Foundation goals.

We have found that strategically made loans and investments can be transformational – changing the course of our partner organizations, growing and scaling important projects and innovations, and helping to attract new and different sources of private capital to our programmatic priorities. Since 1980, the Foundation has made 355 mission investments (MIs) totaling more than \$1 billion as of July 31, 2024.

Our Mission Investing program manages against two sets of goals: impact and financial. In contrast to our grantmaking, which manages exclusively to impact goals, and our endowment, which manages exclusively to financial return goals, our Mission Investing portfolio seeks to optimize towards both (impact and financial) objectives, thus building out the Foundation’s full financial toolbox for impact, as summarized in the graphic below.



Mission Investing Strategic Approach

The Foundation’s Mission Investing team works to identify situations where a mission investment (either loan/debt or equity investment) can play a unique role to achieve the Foundation’s impact goals. Our mission investments can help partners seize time-sensitive opportunities through bridge loans, pursue new approaches, tackle large-scale projects, attract new sources of private sector capital, and scale efforts for maximum impact. We are flexible on how we structure our mission investments, tailoring the terms of loans and equity investments to create the maximum possible impact, while preserving our capital over the long term.



Our Mission Investing program is authorized to make Program-Related Investments (PRIs) and Mission-Related Investments (MRIs) to give us a flexible range of tools to achieve impact, and our Mission Investing portfolio includes both (see definitions below). Mission Investing staff assess, structure terms, and recommend new mission investments to achieve impact and financial goals while maintaining quality and balance of overall investment portfolio.

As the impact investing field has grown, we have steadily expanded the use of mission investments for a range of market-building approaches. This includes providing growth capital to an increasingly diverse set of mission-driven business ventures, investment funds, and lending intermediaries. We have found that our mission investment capital can be powerful as growth capital and in addressing market failures – including addressing the costs of nascent and sub-scale operations, proving out early risks, and helping to grow innovative ventures and funds to establish credibility with investors and create a track record on the path to scale.

Process for New Mission Investments

Potential new investment opportunities are vetted for fit with the Foundation’s programmatic strategies and priorities. Programmatic fit helps determine “go/no-go” on potential new MIs, but the degree of programmatic alignment also influences the possible loan or investment structure. For example, PRIs that are the most highly aligned programmatically can be structured to take on more risk, provide greater dollar amounts, or have longer terms. Packard Foundation staff recommend and structure new MIs (including terms of proposed loans and equity investments), while the Foundation’s Board holds final approval authority through its quarterly meetings.

DEFINITIONS

Program-Related Investments (PRIs) are defined by the Internal Revenue Code as loans or investments made by a private foundation having a charitable purpose and without a significant profit motivation. The PRI net outflow (and inflow) is included on our Foundation tax return as payout.

Mission-Related Investments (MRIs) are impact-oriented but have a profit motivation that is considered market-rate, and less strict charitable impact requirements. This is a definition of exclusion (i.e., any of our investments that do not legally qualify as a PRI would be an MRI).

“Mission Investments” (MIs) is an over-arching term that includes all investments made by philanthropies to serve their programmatic goals (both PRIs and MRIs).

“Impact Investments” is an even broader category, that includes the full range of investors in addition to philanthropy (including private/commercial and public/government investors) making investments with a broader set of “impact” goals (with varying self-defined definitions).