



## The Ford Foundation

### Social Bond Framework

### May 2020

#### Foundation Overview

The Ford Foundation (“the Foundation”) is one of the largest private foundations in the world, with an endowment of more than \$12 billion as of April 2020. It was established in 1936 with gifts and bequests by Edsel and Henry Ford, and is an independent, not-for-profit corporation organized under the laws of Michigan. The Foundation’s headquarters is in New York City and it maintains a global presence with several field offices outside the United States. The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

The Foundation is dedicated to transparency. It seeks to provide timely information about its work and finances to the public and does so through many publicly-available documents and resources, including its own website. Consistent with this goal, this Social Bond Framework intends to align with the *Social Bond Principles*, published and updated by the International Capital Markets Association in June 2018. This framework outlines the Use of Proceeds, Process for Special Allocation Grant Evaluation and Selection, Management of Proceeds, and Reporting processes that will guide Social Bonds issued by the Foundation.

#### Use of Proceeds

The Foundation believes that the nonprofit sector has been severely harmed by the COVID-19 pandemic and its economic fallout and that nonprofit organizations will require substantial additional financial resources to continue to carry out their missions. In response, the Foundation seeks to substantially increase its grantmaking in the coming years to make grants directed at building the resilience in the nonprofit sector and stabilizing and strengthening key nonprofit organizations (the “Special Allocation Grants”). The Special Allocation Grants will be made in addition to the Foundation’s normal grantmaking.

The net proceeds of Bonds issued under this framework are expected to be used to provide grant funding for Special Allocation Grants. These will be grants over and above the Foundation’s normal grantmaking to organizations, individuals, projects, and programs meeting the Foundation’s grant-making evaluation criteria or as investments consistent with its Program-Related Investment (“PRI”) process. The Foundation’s target population of existing and prospective grantee and PRI partners are largely dependent on philanthropic funding and thus are particularly vulnerable to operational, employment, and mission disruption as a result of the wider economic slowdown caused by COVID-19 control measures.

Over eight decades, the Foundation’s mission has been to reduce poverty and injustice, strengthen democratic values, promote international cooperation, and advance human achievement. The Foundation

believes in the inherent dignity of all people, but throughout the world, too many people are excluded from the political, economic, and social institutions that shape their lives, often as a result of deep-rooted inequality. Challenging that inequality is at the center of the Foundation's efforts. The Foundation supports individuals, ideas and institutions that are working to build a more just and fair future for all. In addressing this inequality, the Foundation is guided by a vision of social justice—a world in which all individuals, communities, and peoples work toward the protection and full expression of their human rights; are active participants in the decisions that affect them; share equitably in the knowledge, wealth, and resources of society; and are free to achieve their full potential.

The Foundation will have broad discretion as to its use of the proceeds of the Bonds, provided that such use is in compliance with the Foundation's tax-exempt status under Section 501(c)(3) of the Code and the Foundation's classification as a private foundation.

Special Allocation Grant candidates are to be screened as part of the Foundation's application process to ensure consistency with the Foundation's mission of reducing poverty and injustice, strengthening democratic values, promoting international cooperation, and advancing human achievement – with a focus on target populations impacted by inequality.

The Foundation's grant recipients may be categorized under the following programs:

- Civic Engagement and Government
- Gender, Racial, and Ethnic Justice
- Technology and Society
- Natural Resources and Climate Change
- Future of Work(ers)
- Creativity and Free Expression (U.S. only)
- Cities and States (U.S. only)

For further information regarding grants, please reference the Foundation's website: <https://www.fordfoundation.org/work/our-grants/grants-database/grants-all>.

### **Process for Special Allocation Grant Evaluation and Selection**

The Ford Foundation's leadership and program teams will be responsible for selecting the Special Allocation Grants.

Grantees and PRI partners will have undergone a rigorous proposal application process administered by program teams who are subject matter experts in their respective fields.

Special Allocation Grant proposal applications evaluate prospective grantees based on a number of criteria including, but not limited to, (i) the issues their organization/project addresses, (ii) geographic focus and/or communities and populations their organization/project intends to support, (iii) long-term goals, (iv) existing revenue sources, (v) potential impact indicators, (vi) prior experience, (vi) diversity goals, (vii) diversity efforts, and (viii) diversity numbers and leadership.

Proposals for Special Allocation Grants will be thoroughly reviewed to ensure the Foundation complies with all legal requirements (including, but not limited to, IRS requirements and U.S. anti-terrorism laws) for charitable giving.

All grantees must sign a letter agreeing to abide by the terms and conditions of the grant. The Foundation has designed its grant making process – from preparation of the grant recommendation to processing final reports – to conform to applicable legal standards and the Foundation’s procedures and standards.

Special Allocation Grants will be monitored by the Foundation on an ongoing basis through visits, meetings, and written reports.

### **Management of Proceeds**

The net proceeds of securities offered under this Social Bond Framework will be deposited into a separate operating account of the Foundation dedicated solely to holding and disbursing funds for Special Allocation Grants. A register will be established to record on an ongoing basis the allocation of the net proceeds to Special Allocation Grants.

### **Reporting**

The Foundation currently reports on its grantmaking by listing all of its grants and grantees on its website with ongoing updates on the work conducted in furtherance of its mission, and expects to continue to do so. Reporting on the Special Allocation Grants is expected to be consistent with the Foundation's current reporting. Additionally, the Foundation intends to designate Special Allocation Grants as such as part of its reporting and to update this information at least annually until all net proceeds of Bonds issued under this framework have been awarded.

The timing of Special Allocation Grant payments will vary by grantee and may include multi-year payment schedules following the award of the grant. Upon full allocation and payment of net proceeds of the Bonds to Special Allocation Grants, the Foundation intends to provide a summary of the Special Allocation Grant program on its website. This report is expected to include (i) an affirmation by management that the net proceeds of Social Bonds were awarded to Special Allocation Grants, (ii) summary information regarding grants awarded by program area, and (iii) a report from an independent accounting firm attesting to the allocation and payment of such net proceeds to Special Allocation Grants.

### **External Verification**

The Foundation has appointed Sustainalytics to provide an independent Second Party Opinion report (“SPO”) on this Framework.