



BANK OF THE WEST
WEALTH MANAGEMENT
BNP PARIBAS GROUP

Family
Wealth
Advisors



Family Wealth Advisors
Philanthropy Services Terms Glossary & Definitions



1. Purpose investments

Coined by Bank of the West, this term includes impact investing, environmental and social governance (ESG), socially responsible investing (SRI), Microfinance, Social Impact Bonds, mission-related investments (MRIs) and program related investments (PRI's). It is a for-profit investment approach that enables clients to align their entire investment strategy, or a portion of their portfolio, with their philanthropic strategy (reflecting client values, ethics, principles) by applying deliberate and thoughtful investment selections across all asset classes. There is no prerequisite (such as being a philanthropist) to engage in purpose investing. With this approach, we seek to achieve more than concessionary returns. Purpose Investments is NOT a specific investment product.

2. Social responsible investing (SRI)

Also known as sustainable investing, socially conscious, green or ethical investing, SRI encompasses any investment strategy which seeks both financial return and positive social outcome.

3. Environmental and Social Governance (ESG)

Part of the SRI spectrum (defined below), ESG criteria considers environment, social and corporate governance disciplines in an investment while seeking to achieve competitive financial return and positive social impact.

4. Impact Investments

These are investments made in companies, organizations or funds with the intent to generate and measure social and environmental impact alongside financial return. Bank of the West includes impact investments as a type of purpose investments.

5. Green Bonds

A tax-exempt standard bond issued by federally qualified organizations (such as BNP Paribas & Bank of the West) or by municipalities for the development of brownfield sites. Brownfield sites are areas of land that are underutilized, have abandoned buildings or have low levels of industrial pollution. BNP Paribas is a lead issuer of green bonds, along with the World Bank.



6. Social Impact Bonds (“pay for success”)

A contract with the public sector in which a commitment is made to pay for improved social outcomes, which results in public sector savings. Despite its name, it is not a bond. It is a public or private partnership where investors are repaid if and when improved social outcomes are achieved.

7. Corporate Social Responsibility (CSR)

Corporate initiative to assess and take responsibility for a company's effects on the environment and impact on social welfare. The term generally applies to a company's efforts that go beyond what may be required by regulators or environmental protection groups.

8. Benefit Corporation

A benefit corporation is a new class of corporation that voluntarily meets higher standards of corporate purpose, accountability, and transparency. Unlike B Corporations, Benefit corporations do not have to become certified by B Lab or any other organization.

Benefit Corporations: 1) have a corporate purpose to create a material positive impact on society and the environment; 2) are required to consider the impact of their decisions not only on shareholders but also on workers, community, and the environment; and 3) are required to make available to the public an annual benefit report that assesses their overall social and environmental performance against a third party standard.

9. Strategic philanthropy

Strategic philanthropy involves a long-term plan for giving or investing that has specific impact goals at its core. Strategic philanthropy establishes milestones and metrics for impact goals, and also heavily relies on specialists to determine the best way to use available resources (such as tax-efficient assets) in combination with the right charitable vehicles/structures.



10. Mission-Related Investments

Broadly defined as a financial investment that follows an organization's mission, generating a social and financial return. They often refer to values-aligned investments made out of a foundation's endowment, but they can refer to any such investments made by an organization as long as they are consistent with its mission. They are not charitable activities and do not count towards a foundation's 5% annual payout requirement.

11. Program-Related Investments

Impact-focused investments made by foundations out of their program budget. These investments are required to meet specific IRS criteria and can be used to meet the 5% annual payout requirements that private foundations are subject to. Returns are usually concessionary.

12. Donor Advised Fund (DAF)

A donor advised fund is a charitable vehicle sponsored by an IRS-registered 501(c)(3) public charity, which administers the accounts. A DAF can accept both liquid and illiquid assets, allows donors to gift anonymously, and does not require a 5% payout per year. Donors obtain an immediate tax benefit when contributing to a DAF and submit grant recommendations to the sponsoring charity when they are ready to disburse funds.



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