

INTERVIEW WITH KATHERINE ST. ONGE *Calvert Foundation*

Carrie: Welcome, this is Carrie VanWinkle, and my co-host is here with me, Malaika Maphalala with Women Invested, an interview series, to talk about how women are creating change in the world through socially responsible investing. Our guest today is Katherine St. Onge, she's with the Calvert Foundation, and we are really excited to have you with us, Katherine.

Katherine: Thank you, it's great to be here.

Carrie: Cool. It's a special occasion for these interviews as well because Katherine is actually here in Louisville in my office with me today, so it's really cool to have her here in person.

Katherine: Thank you for welcoming me.

Carrie: Okay, so Katherine is Senior Officer on the Investor Relations Team at the Calvert Foundation. She's responsible for managing relationships with individual investors, institutions, and financial advisors to increase their understanding of the Calvert Foundation's impact investing products and services. Prior to Calvert Foundation, Katherine worked at the Aspen Institute, where she focused on building entrepreneurial and early-stage investment ecosystems in the Middle East and North Africa. She also worked for Louisiana Development, crafting policies and strategies to enhance the state's economic competitiveness. And Goldman Sachs, managing both equity and fixed-income investment products. Such an amazing mix of experience, that we're excited to ask you more about.

She received her Bachelor's Degree in Economics and Mathematics from Bucknell University and her MBA from the Wharton School at the University of Pennsylvania. So one of the reasons, before we jump into questions for Katherine, one of the reasons we really wanted to talk with her is because the Calvert Foundation is one of the really exciting investment opportunities that some of our clients use, and we are just really excited to tell the story of that. And at the same time, Katherine's got a really exciting story of her own, so we'll hear about those today. So Katherine, will you introduce listeners to the Calvert Foundation and a little bit more about what you do there?

Katherine: Sure, so the Calvert Foundation, we are a non-profit financial institution. So we basically manage an impact investing loan fund. We make

loans to nonprofits, and social enterprises, and other organizations that are generating measurable social impact. We loan to organizations in the U.S. and around the world. We have been doing this since 1995, so probably one of the first impact investing funds and products. But what's really important is we try to bring other people into the impact investing space through a fixed-income security that we offer called the Community Investment Note. It's one of the few retail fixed-income securities out there, so this is really core to our mission, to make sure that anyone who wants to align their values with capital can do so. So we've been offering the Note since 1995, and invest in a range of different sectors, such as affordable housing, education, women's empowerment, climate change solutions - runs the gamut. But our fund today is about \$300 million, and we have about 150 different investments. And you said, my role at Calvert Foundation is partly to work with our investors and help them understand what our product is, but oftentimes educating people on what impact investing is and why it's important.

Carrie: And Katherine, we know a little bit about the work Calvert is doing is focused on women, but can you talk about how women are engaged as investors with Calvert Foundation and also what they're experiencing as investees?

Katherine: Sure, so we have over 4,000 investors, about half of our investors are women. So we're pretty evenly split, but we feel that we have a unique product for women because, as maybe your other interviews have covered, the two groups of people that are really leading this impact investing and socially responsible trend are millennials and women. So I think there's a lot of studies that have shown that these two groups have a lot of wealth and are really socially minded, so we're really excited to offer a product that really matches the interest and value of women. I think we also find that a lot of women are looking to differentiate themselves by what they invest in and realize that their money stands for something. So they are really interested in our Note in general but also in being able to invest in a gender lens investment product through our Note.

And I can talk a little bit about our work in women's empowerment. So we have several different portfolio sectors that we invest in. One of them is focused on women. So in 2012, we launched what's called the WIN-WIN initiative, the Women Investing in Women Initiative, and that really focused investing in organizations that have gender diversity at the management level but are also providing products and services for women. So these are organizations that are lending to small businesses that are owned by women or are providing healthcare services for women in developing countries. So we committed to deploying \$20 million and quickly raised that amount, so it was a really popular investment initiative. And it was actually the first retail gender

lens investment option.

Then in 2014, we kind of released a WIN-WIN 2.0, and this was more focused...still on women's empowerment but also on clean energy. So I think we realized that women are disproportionately affected by the lack of energy access, and there's a strong tie between poverty and access to energy. So the second iteration was investing in organizations that are deploying clean cook stoves, solar lanterns, things like that. One of our investments was in a company called Envirofit, that basically builds and deploys clean cook stoves to women in emerging markets. And these cook stoves are more efficient, so they use less fuel, so women have to spend less time going out and collecting fuel. They cook faster, so you have to spend less time at the stove cooking and can do whatever else they would want to do, start a business, attend to family, whatnot. And they don't produce all of the black plastic smoke that is actually a huge deal, 4 million people die a year from respiratory problems caused by inhaling this smoke exhaustion in small homes, things like that. So we're really excited to get more into this nexus of energy and women's empowerment.

Carrie: Super, a great fit for our conversation, definitely. Just a follow-up question there: you mentioned the term "gender lens investing." And we actually...Malaika, I think, introduced that early on in our interview series, but we haven't talked with a guest about it. So will you tell us a bit more about what means?

Katherine: Sure, so we like to think about it as not necessarily investing in a specific sector, but that gender lens investing is cross-cutting across all different types of sectors. So, for example, clean energy investments, which could be a traditional energy type of investment. We invest in an organization that is deploying or financing the deployment of solar panels to off-grid communities, so probably not a direct correlation to women's empowerment, but definitely impacts women tremendously. So, types of investments that can look at how they're affecting women across all different types of investible sectors.

Carrie: So if you look at it as a pie, instead of investing in women as one piece of the pie, it's really looking at each piece and how women are impacted in each area?

Katherine: Yeah. I like that analogy.

Carrie: Why does this lens really matter?

Katherine: So, I think women in particular are affected by poverty and lack of energy access. So about 75% of people who are living in poverty and don't have access to energy are women and girls. So I think clearly there is a need we have to solve for. But I think also women are very family-oriented and community-oriented, so oftentimes women who have an income will spend 90% of it on their family and really trying to improve the well-being of their family. So that's another reason why investing in women is really investing in the entire household and the community.

Malaika: We wanted to hear, Katherine, what drew you to this work, how did you come to Calvert and get involved in this work?

Katherine: Sure. So I guess kind of going way back, I guess I grew up in a very socially-minded family that was very involved in our community and giving back. My dad volunteered at the soup kitchen every week. So it was always something I really enjoyed and found important. And then when I went to college and was studying economics, we talked a lot about how there's a finite amount of resources and how important it is to use our human capital, our investible capital, our physical resources and just think very responsibly about how we're using them. So I think that kind of use of resources and social impact mindset eventually led me to Calvert Foundation. I worked in traditional finance and kind of knew that wasn't where I wanted to grow my roots. I did work in some economic development and was so interested in that, trying to solve these huge problems or really move the needle just a little bit on these huge problems. And so Calvert Foundation is just really a great place for me personally to combine my interest in finance and products with my passion for economic development.

Carrie: So has there been something in particular that you feel really, both sides, that is Calvert Foundation's unique contribution to the world impact investing has been? And then also how about you, what do you feel has been a unique contribution that you feel you've been able to make to the work?

Katherine: Well, let's see. I think Calvert Foundation, one of the unique things about us is that we offer a product to everyone, to retail investors. That's not something that you often find, especially in the fixed-income space, but the ability to invest in the work that we're doing - in the affordable housing developments that are going on or clean cook stoves, things like that. So we have worked really hard to create a product that is accessible to anyone for as little as \$20, on our website, or through brokerage channels. So, very convenient, able to implement in accounts people already have.

I think the other wonderful thing is we've worked really hard to prove that this is an investible sector, so we invest in a lot of non-profits. And people often

say to me, "That doesn't make sense! You can't invest in nonprofits, they don't make any money!" They do make money, they generate profit and a ton of impact. So I think dispelling this myth and saying that social enterprises and these types of organizations are sound financial decisions. I think we're just really proud to say that we've been doing this for over 20 years, a lot of our partners have been investing in this industry for much longer, and it's been really successful and we're doing really, really good work. So it's very exciting.

Carrie: I want to add, too, that it's in the U.S. and all around the world, so it's another great dynamic that you all have, the scope of it. And then how about you specifically, is there something you feel like...I'd love for you to spotlight something you feel like is a contribution you're really excited about.

Katherine: That's interesting. I think what I've really enjoyed my work at Calvert Foundation is just all the different people that we get to connect with. For example, I was in Cincinnati earlier this week, talking about impact investing to a community there. We just kind of get the opportunity to speak with so many different people, which I think is so important because, as much as we like to think of this industry as mainstream, it's not. There's so many more people we can touch and encourage to be investors. So I just feel like it's really nice that I get the opportunity to talk to all different types of people and to kind of use my different background in traditional finance as well as development to speak to why this is so important.

Carrie: Makes sense. And Calvert Foundation, your voice really has an important place in leading the conversation. Like you said, the first gender lens investment in the country, so yeah, a lot of that innovation.

Malaika: Yeah, we really see Calvert Foundation as having been a first, a real leader in this arena. So it's been really exciting to see how Calvert Foundation's grown and expanded its reach to so many people so far. I'm just curious to know your perspective: what would you like to see more of in this space of impact investing that you're not seeing yet or would like to see exponentially more of?

Katherine: I think we would like to see or I personally would like to see more investors. I think part of our responsibility is really to educate people about what this space is, what we're doing, why it's important. But I also think it's also people just taking time and thinking about their money, and that it means something, and that it stands for something. You know, I was talking to someone who said they tell all of their clients that, if they buy a share of something, that that is a vote for that company and their practices. So I think it's either most of us don't want to come home after a long day and sit and look at our 401(k) and mutual funds and see what we're investing in, but I

think that is important to realize that you care about climate change, you care about labor rights or something like that. You're either promoting business practices in a positive way or a negative way as well. So I would love for all of us to just think more about the power that we have with our investment capital.

Carrie: So you touched on this before, but I want to dab into it a little bit more, which is, when someone invests with the Calvert Foundation through Note, the Community Investment Note, they are able to target the way that that note is then...it helps create impact. So you mentioned WIN-WIN is one of those ways. Do you call it "targeting" or what's your language for that?

Katherine: So I think we try to say that investors can select which portion of our portfolio they want to support. They want to indicate their passion for whichever receptor. Then we try to give them customized reporting on social impact and just trends.

Carrie: So you mentioned one of those, which is WIN-WIN. Tell us about...I know there are several, so kind of list out several so we can get a taste of the range of them. And then I'd love for you to drill in on the Ours to Own, which I think...all of them are exciting, but we'd love to have you talk about that one more, and then, Malaika, maybe if there's one that you really want to hear more about too.

Katherine: Sure. So we do a lot in affordable housing, so you're putting roofs over peoples' heads. But often times the organizations we're investing in provide also wraparound services, so really helping take people out of homelessness, or providing childcare, financial literacy training, sometimes English as a second language, any sort of training to basically give people resources they have to really focus on building wealth. We do a lot of investing in education, we have some climate change solutions, we do this around the environment, energy. We do invest in women's empowerment, we do some investing in fair trade and sustainable agriculture, small-business lending domestically, and microfinance internationally, and health.

And we also have an initiative called Age Strong, which is basically investing in the services that the 50+ community needs. So things like health care centers, affordable housing for seniors, community centers, even things like Meals on Wheels, so anything that could provide services for that community. And that's in partnership with ARP. And then we have our artist-owned initiatives, our place-based investing initiatives. So we've launched in Denver, the twin cities, in Baltimore, and we also have an initiative in Chicago. But really premised on the fact that people want to invest in the cities that they live in and love. So people want to invest in a real-estate development down the

street or a small business that they can go to and benefit from. One of our investors has been bakeries and breweries and things that people actually can feel invested in when they go and get their scone or something like that.

Carrie: And so you also let... Who receives the loans, though, right? Okay, yes. So, can you tell us a story about one of those recipients and how it helped them?

Katherine: Sure. So one of the organizations we lent to in Denver, kind of because it's really interesting, is the Urban Land Conservancy. And they're an organization that tries to preserve space for non-profits and also provide real estate assets for the low-income community. So one of their investments was basically this big tower that housed a lot of non-profits and it was about to be purchased and redeveloped, and all of the non-profits would have lost their office space. But Urban Land Conservancy came in and purchased the building. All of the non-profits were able to stay there, maintained their lower rent.

And it was also very important because one of the non-profits, Lutheran Family Services, does a lot of work with the immigrant population in Denver and serves about 1,000 people a week, I believe, a lot of them who rely on the transit system, and this building was right along the transit line. So it provided a great access, which if the non-profit had moved out of town, it would've been harder to access their service. The Urban Land Conservancy has also invested in a school for pregnant and parenting teens, so, in addition to encouraging the students to finish high school, they provide daycare and also training on how to raise children and how to be new parents. So those are just a few examples of what they've done, but just really fascinating work in all different sectors of the society.

Malaika: Clearly the Ours to Own initiative is really how Calvert Foundation is supporting investors to do local investing, to invest in their own communities. How will that program or that initiative, will it continue to expand and what is the plan for that?

Katherine: Sure, so I would say it's very popular in the cities that we do have initiatives in. And we have gotten a tremendous amount of interest from people who want us to bring it to their city. So we hope to expand it. We're currently trying to create a strategy for how we would expand Ours to Own and how we can do it really well. And looking back at what we've done so far and what the best practices are, what we've learned, what type of partnerships we really need to be in place to be successful in, hopefully, any city we operate in. So, stay tuned. We would love to expand.

Malaika: Actually, one other question I had was...I'm just curious, from your personal stories within Calvert Foundation, if you have a particular moment or story that was really inspiring or meaningful for you in your work.

Katherine: So I would say one fellow that I was really inspired by was a disabled veteran in Denver that I had the privilege of taking some of our investors on a tour of his shop. But he worked, I think, for a decade at Harley-Davidson specialty repair shops. So he had all of these skills and thought that he could open his own shop and do it really well. So he actually used some of his GI Bill, went back to school, got his bachelor's, and went to the bank and said, "Okay, I have a degree in business and I have all of these specialty certifications from Harley Davidson. I'm going to open my own shop." And they shut him down time and time again.

He finally went to an organization that we've lent to in Denver, Community Reinvestment Fund, and they worked with him, gave him a loan. He now has this tremendous repair shop. He's expanding. We're going back there to visit him because he has such a tremendous story. When I met him last year, he was working 6 days a week, 12 hours a day. He was able to purchase – I'm not a motorcycle aficionado – but has some contraption that I believe there's only two in the States. So he knows how to work it and he's providing this valuable service for Harley Davidson motorcyclists. But he is just doing tremendous work, he absolutely loves it, he's bringing some of his family members to work with him, so kind of providing job opportunities for them as well. But also does a lot with his community and promoting, supporting veterans who are abroad and who have returned. So just a really inspiring person, loves what he does, and does a lot for the community.

Carrie: Let's see. So is there anything else that you would like to share that we haven't asked you about?

Katherine: Well, I think it's always really exciting working for Calvert Foundation. We have the benefit of working with a lot of wonderful partners, a lot of wonderful financial advisors. One thing that I think is pretty exciting: last week we were able to announce that we were participating in the nation's first environmental impact fund. So us and Goldman Sachs provided the financing through DC Water and Sewer to basically start this \$2-plus billion drain infrastructure project in Washington DC. So it's also exciting for us because we are based outside of Washington DC, so it's nice to be investing in our own backyard. But basically, trying to improve the water quality in DC and help the residents, so that's just kind of a nice thing that we're really excited to participate in and hope that can be a model for other communities around the

world, or really around the country. Yeah, I think it's a great time to be in impact investing, there's a lot of innovation, lots of partnerships. So I'm really excited to see what comes out of it.

Carrie: Super. That makes me think of another question, which we've asked some of our other guests, and I think you're particularly positioned to answer this and have a great perspective on this, which is why does impact investing really matter? You know, there are plenty of people still out there in our – Malaika's and my – world of investment advising who say SRI and impact investing doesn't really make a difference, and there are plenty of criticisms of the work. So why does it matter?

Katherine: So I think it matters for a lot of reasons. One, on a more personal level, I'm kind of bothered by the inequality in our society and I feel like I've been given certain opportunities in this position of responsibility to do what I can to help diminish this inequality. But I also think there are just so many problems we're dealing with: pollution, lack of access to resources - the list goes on and on. I think there's just not enough resources. There is only \$300 billion that are given away in philanthropic giving each year, which is not enough, and there's almost \$40 trillion sitting in investible accounts. So the ability for people to use their money for good is just so powerful. And I think the industry has shown that there's actually productive ways to invest your money and achieve very solid results. So I think just thinking about what your money can do and using it is a way to improve our society. I think people are more interested in buying local and eating local and supporting social enterprises, but they often don't realize that investing is also a great way to support your community.

Carrie: Super.

Katherine: Anything else, Malaika, on your mind?

Malaika: That sums it up very nicely for me. I appreciated your words on that. That's a great answer. Thanks so much for taking the time to be with us today, Katherine, and glad that you got to sit in person there with Carrie, and glad that worked out.

Katherine: Yeah, no, thank you so much for inviting me, inviting me literally into your office.

Carrie: We're happy to talk to you and happy to share the story of the impact that Calvert Foundation is creating in the world, so thanks for being here.

Katherine: Well, thank you for your interest in us.