



Where to Start Questions to Consider

- ✓ **What is your entity's mission?**
What are the key concern(s) of the entity?
- ✓ **Who are all of the stakeholders?**
It's often helpful to assemble a small group representing each of the stakeholder groups to weigh in on how an entity's mission should be reflected in its investments if at all
- ✓ **Does the entity have mission related guidelines already in place as part of its Investment Policy Statement?**
If so, does the IPS accurately reflect the direction the entity wants to take?

- ✓ **Where will efforts be focused in promotion of this mission?**
There are a variety of methods to promoting through investment:



- ✓ **What resources (time and people) can you devote to implementation and what networks can you access for support?**
This includes writing guidelines, voting proxies, advocating as a shareholder, and deciding which stocks meet the SRI criteria. Deciding this will help determine both the approach and whether or not the entity wants to engage service providers in these areas.



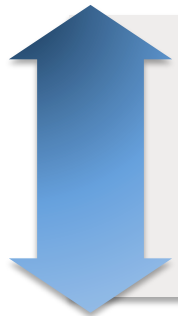
Where to Start Questions to Consider

✓ *What approach, or combination of approaches, will you take in aligning investments with your SRI mission?*

Potential Approaches

- **Negative screening:** excluding specific stocks or industries from the portfolio (this can be pure exclusion or exclusion based on a % revenues)
- Choosing **best in class investments**—those investments in a given sector/industry/country that have the best overall history of attending to environmental and social good and having a strong governance structure (ESG) MSCI does research and has created indices that identify such companies)
- Joining other groups in **shareholder advocacy** (ICCR, Boston Common, Walden, or other entities with similar missions to the entity)
- **Voting proxies** in accordance with a mission (available in separate accounts only)
- **Making loans at below market rates** to fund/promote projects which support the entity's mission
- Creating a **separate pool of funds** for those donors who prefer that their investments be made in line with the entity's mission
- In the case of concerns around climate change, the entity can **fund directives for energy efficiency in the entity's own operations**. This can decrease operating costs and potentially free more funds to support mission related projects

✓ *Does the entity want to invest solely in managers with socially responsible approaches?*



MOST: Willing to deviate from recommended implementation in order to invest solely in SRI approaches. Willing to take greater portfolio risk in order to have greater social impact.

MIDDLE: Invest in SRI approaches only when performance is competitive with other options or they offer more potential impact than simple negative screening.

LEAST: No investments in SRI/ESG approaches- support mission solely through grants or other distributions to projects/entities that further the entity's mission

✓ *How concerned is the entity with performance that deviates over the short term from broad market benchmarks?*

Know Your Exposure

Intentionally Designed Endowment
Student Forum | February 21, 2015



Example Exposure Summary

| Manager | Exposure? | % of Total Fund | Fossil Fuels | Coal | Alcohol, Gaming, Tobacco | Reviewed By | As of |
|---|-----------|-----------------|--------------|-------|--------------------------|-------------|-----------|
| DOMESTIC EQUITY | | | | | | | |
| Domestic Equity Fund | Y | 8.52% | 6.88% | 0.30% | 1.34% | PBA | 9/30/2014 |
| S&P 500 Index Fund | Y | 0.75% | 0.64% | 0.11% | 0.00% | PBA | 9/30/2014 |
| Mid Cap Value Fund | N | 0.00% | 0.00% | 0.00% | 0.00% | PBA | 9/30/2014 |
| SMID Cap Growth Fund | N | 0.00% | 0.00% | 0.00% | 0.00% | PBA | 9/30/2014 |
| INTERNATIONAL EQUITY | | | | | | | |
| International Value Fund | Y | 8.49% | 4.31% | 0.00% | 4.18% | PBA | 9/30/2014 |
| International Equity Fund | Y | 8.14% | 3.97% | 0.00% | 4.17% | PBA | 9/30/2014 |
| International Small Cap Fund | Y | 0.60% | 0.60% | 0.00% | 0.00% | PBA | 9/30/2014 |
| International SMID Cap Fund | Y | 1.83% | 1.83% | 0.00% | 0.00% | PBA | 9/30/2014 |
| EMERGING MARKETS EQUITY | | | | | | | |
| Emerging Markets Value Fund | Y | 4.87% | 4.87% | 0.00% | 0.00% | PBA | 9/30/2014 |
| Tax-Managed Emerging Markets Fund | N | 0.00% | 0.00% | 0.00% | 0.00% | PBA | 9/30/2014 |
| FIXED INCOME | | | | | | | |
| Bond Yield Fund | Y | 3.12% | 2.68% | 0.01% | 0.44% | PBA | 9/30/2014 |
| Bond Market Index Fund | Y | 3.44% | 1.97% | 0.21% | 1.27% | PBA | 9/30/2014 |
| Treasury Index Fund | N | 0.00% | 0.00% | 0.00% | 0.00% | PBA | 9/30/2014 |
| Global Fixed Income Fund | N | 0.00% | 0.00% | 0.00% | 0.00% | PBA | 9/30/2014 |
| PUBLIC REAL ASSETS/INFLATION-HEDGING | | | | | | | |
| TIPS Index Fund | N | 0.00% | 0.00% | 0.00% | 0.00% | PBA | 9/30/2014 |
| Commodities Fund | N | 0.00% | 0.00% | 0.00% | 0.00% | PBA | 9/30/2014 |
| Securities Fund | Y | 1.22% | 0.00% | 0.00% | 1.22% | PBA | 6/30/2014 |
| TOTAL | | | | | | | |

Where to Start Implementation



| | Holdings are 100% Transparent | Holdings are not 100% Transparent |
|---|--|--|
| Can replace with environmentally conscious option | <ul style="list-style-type: none"> U.S. Equity Index Mutual Fund (D) Non-U.S. Equity Index Mutual Fund (D) Equity Mutual Fund (D) Real Asset Commingled Fund (M) | |
| Limited opportunities to replace with environmentally conscious option, but exposure unlikely due to strategy | <ul style="list-style-type: none"> Treasury Mutual Fund (D) Sovereign Debt Mutual Fund (D) Real Estate Mutual Fund (D) | |
| Limited opportunities to replace with environmentally conscious option, exposure possible | <ul style="list-style-type: none"> Emerging Markets Equity Mutual Fund (D) Long Short Mutual Fund(D) Fixed Income Mutual Fund (D) | <ul style="list-style-type: none"> Equity Commingled Fund (Q) Hedge Fund (Q) Hedge Fund (Q) Hedge Fund (Q) |

(D) - Daily transparency
 (M) - Monthly transparency
 (Q) - Quarterly transparency

Advancing the Conversation

Questions to Ask Your Investment Managers



- ✓ ***Are you a signatory of the Principles of Responsible Investing? If so please give examples of how you have addressed the 6 objectives of the PRI.***

- ✓ ***Do your analysts integrate environmental, social and governance considerations into their estimates of a company's value? Please provide examples.***

- ✓ ***Do your analysts incorporate the potential impact of climate change including environmental and regulatory changes as a result of climate change into their assessment of a company's value? Please provide an example.***

- ✓ ***In your meetings with company management do you meet with the company's Chief Sustainability Officer if they have one?***

- ✓ ***Are you familiar with SASB – the Sustainability Accounting Standards Board ? Do you reference their work to help understand the material sustainability issues in an industry (SASB has developed Materiality Maps for 4 sectors thus far– Health Care, Financials, Technology and Communications and Non-Renewable Resources).***