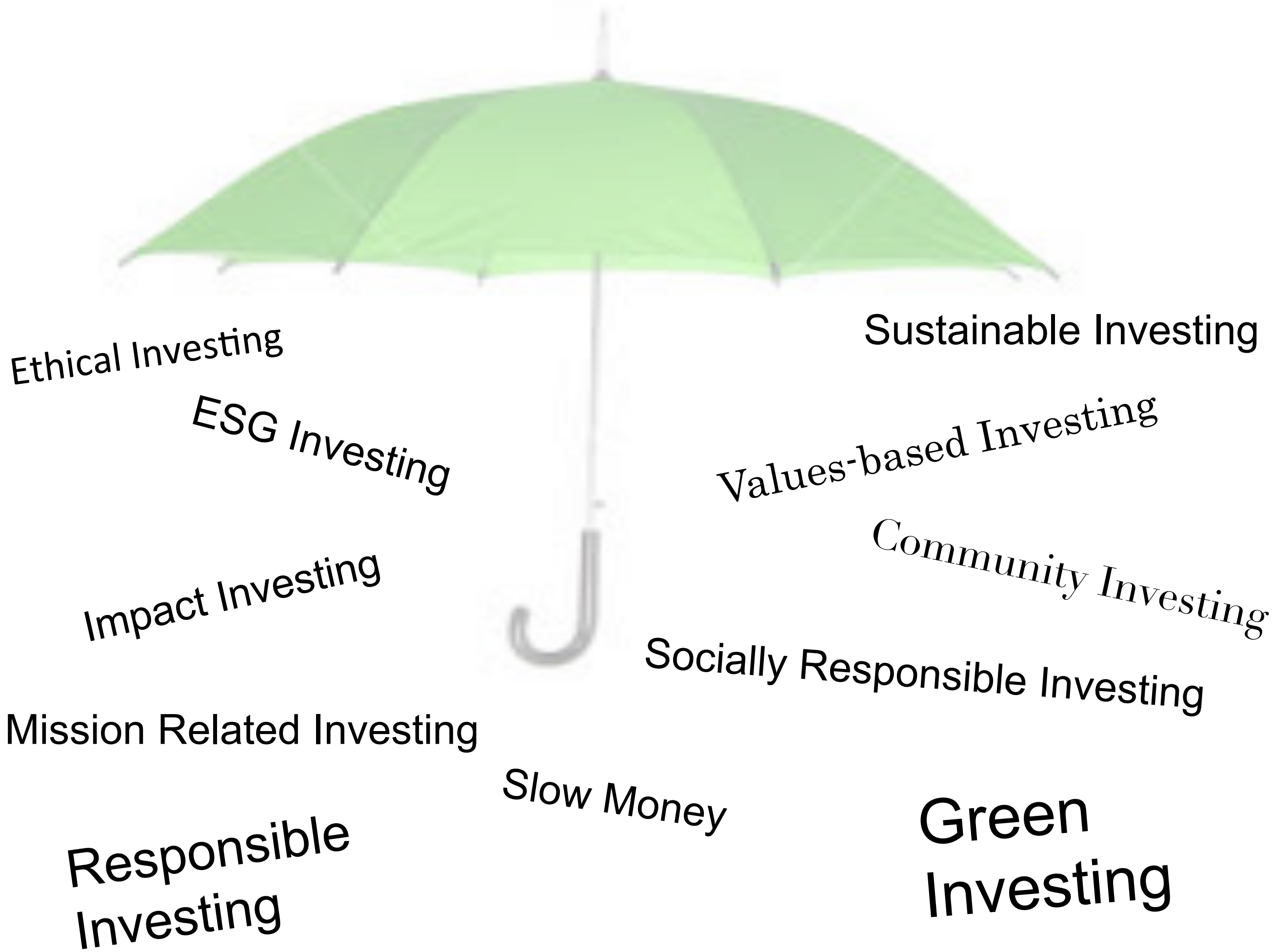
What is SRI?



"Consideration of environmental, social, and corporate governance criteria in addition to standard financial analysis." – Source: USSIF

History of SRI

1900s – Religious Investors Exclude “Sin Stocks”

1966 – First Shareholder Advocacy Campaign Against Kodak

1971 – First SRI Mutual Fund

1977 – Sullivan Principles

1982 – Trillium First Dedicated SRI Investment Advisor

1986 – Coca-Cola Withdraws from South Africa; First Resolution Filed by Fund; Chernobyl nuclear accident

1990 – Domini Social Index Created

2002 – Carbon Disclosure Project launched

2003 – Investor Network on Climate Risk created

2004 – UNEP-FI Materiality Report

Green Wave Initiative

2006 – UN Principles for Responsible Investment (PRI) Created

2012 – Fossil fuel freeze and divestment campaign started

Fiduciary Practices Respond to Changing Circumstances

- Investment knowledge and theories evolve
- Economic, environmental and social circumstances change

"There are no universally accepted and enduring theories of financial markets or prescriptions for investment that can provide clear and specific guidance to trustees and courts."

Restatement of Trusts, 3rd, §227, Comment (f)

Fiduciary Responsibility

- **1998 Department of Labor "Calvert Letter":**
  - SRI is an acceptable option if risk/return characteristics are comparable to similar investments
- **2005 Freshfields Bruckhaus Deringer study for UNEP Finance Initiative:**
  - *"…the links between ESG factors and financial performance are increasingly being recognized. On that basis, integrating ESG considerations into an investment analysis so as to more reliably predict financial performance is clearly permissible and is arguably required in all jurisdictions."*
- ***Prudent Practices for Investment Stewards,* published by fi360**:
  - a client's investment policy statement should *"define appropriately structured, socially responsible investment (SRI) strategies (where applicable)."*

Fiduciary Duties Specific to Charitable Organizations

UPMIFA Drafting Committee Official Comments

- Investment strategy must be appropriate for the fund and charity
- Must consider charitable purposes of the institution and fund

UK Government Fiduciary Duty Guidance (2014)

- Charity trustees are not required to maximize financial returns
  - May consider financial return and furtherance of charitable purpose
- Total Impact approach considers social impact of grants, investments and supply chain
  - Identify and manage social impact of all investments
  - Potential for greater mission impact