

8.45	+2.42	429,700	357	900
15.3	+0.66	444,400	0	3,922
0.8	-1.23	0	2,610,399	448,937
14	0.00	17,104,000	486	628
151	-0.98	1,131,200	356	23,378
0.43	0.00	3,800	169	880
93.5	-1.06	309	13	390
0.55	+3.77	1,442	255	2,044
8.55	+1.18	207	1,442	3,516
1.24	+0.81	1,046,000	4,404	6,034
10.9	-1.80	108,700	0	4,716
10.25	0.00	0	0	1,827

**Intentional
Endowments
Network**

*An initiative of
CraneSustainability.org*

HIRING AN INVESTMENT CONSULTANT:

Making Your ESG Intention Actionable

JULY 2018



INVESTMENT CONSULTANTS can play a central role incorporating environmental, social and governance (ESG) factors into an endowment's investment strategy. Growing investor demand for portfolios that integrate ESG factors has spurred many investment consultants to work toward expanding their knowledge and use of ESG strategies. However, experience, resources and adoption of the approach are not uniform across the field of investment consultants. According to a 2009 UNEPFI survey, consultants with some knowledge, but without an expertise in ESG, lacked "conviction in ESG integration when pressed on whether clients should integrate ESG into their investment policy statements."¹ A Ceres survey has similar findings and concludes that "if asset owners want to work with a consultant who understands how ESG factors might impact long-term financial risks and returns, they need to ask a range of questions ... These cannot be "check-box" questions but must probe how the consultant addresses ESG issues."² In their 2017 Investment Consultant Services Review, the PRI concluded that "investment consultants are unlikely to take action on ESG issues without stronger incentives to do so from their asset owner clients."³

Thus, the key to success in working with your current investment consultant or searching for a new consultant is to *actively embrace your role as an equal partner in directing the investment process*. When an endowment has included ESG factors in its investment policy statement Investment Policy Statement (IPS), incorporating ESG investing criteria into the selection process for investment consultants is prudent practice in order to help clarify whether the consultant(s) can effectively implement policy guidelines.

...actively embrace your role as an equal partner in directing the investment process.

This article provides guidance for investors looking for an investment consultant who will help them align their portfolio with their mission throughout the investment process including (1) exploring investment beliefs, (2) defining objectives, setting strategic asset allocation and (3) risk budgeting, manager selection, and ongoing monitoring and reporting. In this article we assume the investment consultant will be hired to make recommendations but will not have the authority to take action without the organization's approval. In other words, we are assuming a non-discretionary relationship. However, organizations are increasingly moving to an Outsourced Chief Investment Officer (OCIO) model where the OCIO has discretion to implement portfolio decisions (such as hire/fire managers) independent of the asset owner. According to the 2017 NACUBO survey of university endowments, 45% of all respondents said they "have substantially outsourced the investment function," and the uptake is much higher (roughly 50%) among smaller endowments under \$100 million.⁴ It is unclear whether these respondents were referring to a fully discretionary relationship, but it can be assumed that the endowment office is not solely directing the investment decision making process.

Additionally, we have chosen not to spend time in this article defining each of the terms associated with aligning an endowment's portfolio more closely with its mission. Instead we have chosen to use the term "ESG" more broadly to represent the typical company behaviors and activities that may relate to alignment of portfolio with an organization's values or mission. Sample ESG topics include reduction or elimination of greenhouse gases (GHG) or toxic chemical emissions, water management, board diversity and oversight, environmental practices, gender and racial diversity, supply chain management, worker safety, product safety and employment policies.

The Consultant Search Process

Before beginning the search process, we recommend that you define your specific context for the search: assess your readiness, take stock of where you are, and identify priorities. You will need to do some work internally before the consultant search to pinpoint your specific objectives and to decide how to communicate them to your service providers. Thus, the steps will be:



1. ASSESS READINESS AND TAKE STOCK OF WHERE YOU ARE

Assess Readiness. Before you search for a consultant, you need to ask yourselves how prepared you are for the consultant search. It is important to assess knowledge, clarify your goals, settle on the terminology you will adopt, define what you want to understand about your current portfolio and communicate your intention to your current consultant:

- **Assess knowledge on ESG approaches** – Do you know what you are looking for in terms of portfolio “alignment” and in terms of ESG topics? How are ESG issues relevant to your mission? Are you looking primarily for risk mitigation or opportunity or both?
- **Clarify Goals** – Goals should flow from mission and purpose. What are your investment beliefs which consist of your investment principles and investment philosophy? Are you looking for a specialist or generalist investment consultant and do you want a discretionary (i.e., OCIO where the consultant makes portfolio implementation decisions independently) or a non-discretionary relationship?
- **Understand the Terminology** – Do you understand the plethora of terms used and their implications (e.g., sustainable, responsible, socially responsible, ESG, impact, green, etc.)? How do you define mission-aligned investments? For a more detailed discussion of the terms, consult the IEN [Intentionally Designed Endowment Primer](#).
- **Define Your Starting Point** –What do you know about your current portfolio and are you clear about what information you still need?
- **Communicate Your Intention** –Have you discussed your needs with your current consultant (if applicable)?

Making Sense of the Terms

SOCIALLY RESPONSIBLE INVESTING (SRI) can use both positive and negative investment criteria but many now use this term to refer only to the strategy of negative screening.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE INVESTING (ESG) aims to create a more complete picture of potential investment risks and opportunities by factoring environmental, social, and governance criteria into investment decisions.

IMPACT INVESTING involves investing in projects or companies with the purpose of generating positive social or environmental change as well as generating a financial return.

NEGATIVE SCREENING excludes companies, industries, or countries that the investor considers irresponsible from an investment portfolio.

DIVESTMENT refers to selling holdings in a company or sector for ethical or political reasons in order to reduce risk, avoid being complicit, or make a statement

POSITIVE SCREENING involves investing in companies that meet certain ESG criteria as determined by the investor, often looking to find “best-in-class” companies within a sector .

SHAREHOLDER ENGAGEMENT OR ADVOCACY is a tactic of using ownership in a company to improve its environmental, social and governance practices by voting at shareholder meetings (or by proxy), filing shareholder resolutions, and/or establishing ongoing dialogues with companies.

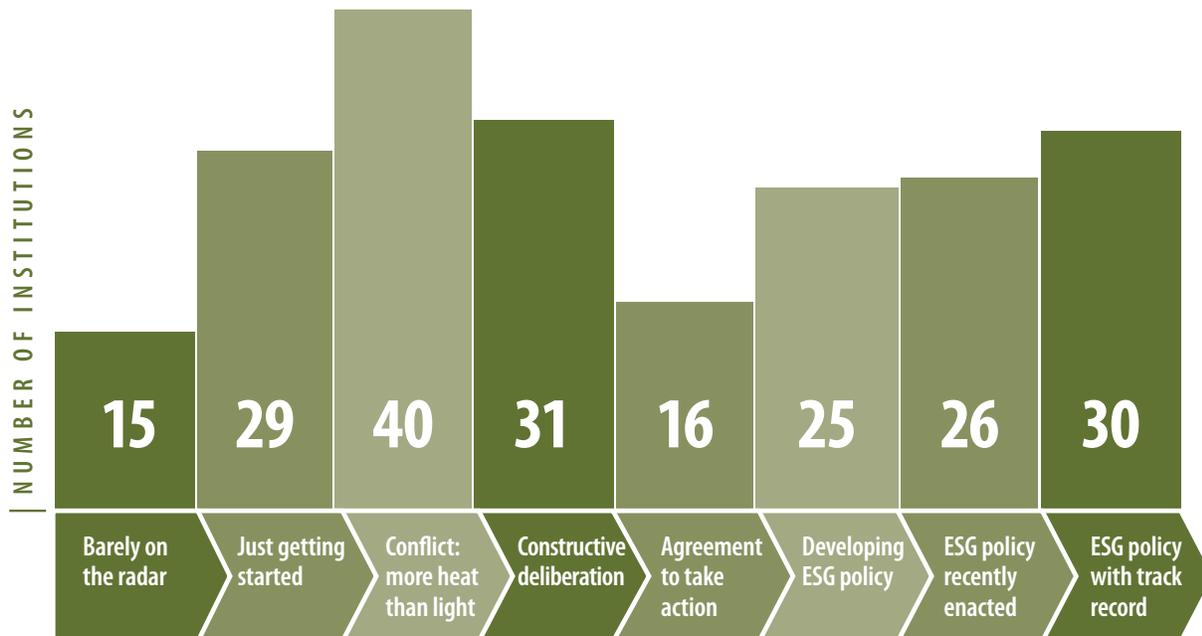
If you can answer all of the above with clarity, then take stock of where you are in the process of “alignment”. If you’re unsure of any of the above, then reach out to your peers and join an investor network such as PRI (<https://www.unpri.org/>), IEN (<http://www.intentionalendowments.org/>) or Ceres (<https://www.ceres.org/>) or find an individual or firm to help educate yourself and clarify your purpose and approach.

Take Stock of Where you Are. Identify where your institution is along the process of alignment or the ESG incorporation journey. Needs may differ depending on where you are. Which of these best describes your institution?

- **Beginning** – in the process of getting investment committee and board educated; no clear direction
- **On your way** – you have defined your mission and the approach you’d like to take in your IPS and have a clear mandate; investment committee and board are in sync
- **Advanced** – you are in the process of completing or you have completed implementation

Before beginning the consultant search process, you should be, at a minimum, “on your way” and have clarified objectives that are included in the IPS.

Even among institutions that self-identified as interested in these issues (such as participants of IEN events), most indicate that they are in the early stages of wrestling with these issues. The chart below shows cumulative data from IEN events in April ‘14, September ‘14, January ‘15, November ‘15, November ‘16 and September ‘17:



It is important to assess knowledge, clarify your goals, [and] settle on the terminology you will adopt...

Next, rank what's most important to you in terms of priorities.

2. IDENTIFY PRIORITIES

Your search will be most efficient and effective if you prioritize your objectives before starting the search process. Consider the following questions to help define some areas of emphasis for your consultant search.

- **Most important** – what do you care most about and how will that inform the way you evaluate the responses to your Request for Information (RFI) or Request for Proposals (RFP)? Do you have the resources and time to conduct the search or do you need assistance? How important is ESG competence versus traditional capabilities? Will you weigh consultant responses to ESG questions higher or lower than other questions?
- **Specialist vs. generalist consultant** – are you looking for an ESG specialist whose role will be working alongside staff and a generalist consultant; or would you like a generalist consultant with ESG expertise?
- **Total or partial implementation** – will you have a “carve out” of the portfolio or will you be considering ESG issues in all asset classes across your full portfolio?
- **Broad or specific concerns** – is your objective to “do no harm” or are there specific ESG issues you are addressing? What's your biggest priority in terms of ESG incorporation – to manage risk, identify new opportunities, or address specific themes or issues, such as climate change, renewable energy, and/or supply chain management?

Next, decide whether you will issue an RFI, an RFP or both as part of a two-step process.

3. SEARCH

Now that you have a sense of what your priorities are, you are ready to begin the consultant search. Issuing an RFI or RFP and evaluating responses takes resources and time. Depending on your needs and resources, we recommend a two-step process for your investment consultant search.

Step 1. Broad Outreach – RFI (Request for Information)

Write a statement describing your organization, its needs and what you're looking for. Send to a broad group (8 or more) of investment consultants and ask for no more than a 5-page response describing why you should hire them.

Leave your questions somewhat open ended to give the consulting firm discretion over what to highlight.

(See example in [Appendix B](#).)

Step 2. Targeted Outreach – RFP (Request for Proposal)

Create an RFP to send to specific investment consultants, presumably a subset of those that responded to the RFI (Step 1). Consider soliciting responses to your RFP from no more than 5 consulting firms and limiting the number of pages per section.

To ensure that consultants are equipped to advise you on your specific mission alignment process and on broader ESG matters, we recommend the following be included in the RFI/RFP process:

1. **IPS/ESG Guidelines.** Include your Investment Policy Statement and any ESG guidelines in the materials you send to candidates in the selection process so that they can provide an accurate picture of how they can work with you to help implement those guidelines.
2. **Objective.** Include some discussion as to why your institution is interested in this approach (e.g., managing long-term risks, addressing stakeholder interest, recognizing long-term metrics including ESG factors, and prioritization of long-term value creation).
3. **ESG Expertise.** Emphasize the need for investment consultants to have ESG expertise both during the selection process and in their contracts.
4. **ESG Incorporation and Dedicated Resources.** Include questions regarding ESG incorporation and the consultant's dedicated resources to understanding the area.
5. **Sample Documents.** Request sample documents such as an IPS, manager search, and a quarterly report, and ask whether ESG analysis is included for all clients.

Targeted ESG questions for an RFP are provided in [Appendix A](#). You can adapt and tailor the questions to your institution's particular mission and stage of development in the process. Keep in mind that open ended questions will lead to more robust information than yes/no questions, yet the responses are more difficult to compare.

The targeted ESG questions may also be used in conversations with your existing or prospective consultant(s). We suggest you share your questions and



areas of interest in writing prior to the dialogue to allow the consultant an opportunity to prepare for an informed conversation and better serve your interests. Additionally, dialogues with consultants are part of an iterative process, not a one-time communication. These questions can be used to guide your search process, to initiate and focus conversations with your current consultant(s) and to monitor progress in the development of ESG expertise as your relationship with your chosen consultant evolves.

Step 3. Evaluation

Often it's efficient to have a subset of the investment committee to lead the evaluation process. Be thoughtful about who joins the subcommittee, as the search process takes time and resources. As you prepare to evaluate the RFI/RFP responses, we recommend that you work with the relevant staff and trustees to think through what you would like to see in the responses from consultants. Evaluating responses requires looking at the information in the context of the respondent firm's structure and decision making process. In [Appendix A](#), we have provided some context for the potential questions (e.g., Why Ask This Question?) and some guidance on how to evaluate responses. To compare responses, we suggest creating a table with the RFI/RFP questions in one column and brief notes from the corresponding firms' responses in subsequent columns. The table not only provides a side-by-side comparison, it allows you to easily assign differing weights to your priorities that you can sum to create an overall score for each firm.

Step 4 – Selection

As you evaluate responses, you may find that firm differences are very subtle, making it difficult to narrow the field of candidates. This is the stage where you will be very appreciative of the up-front work done to identify and rank priorities. Regardless, through discussion or debate you and your team will make judgements about which 3 firms are most appropriate for your needs and will be selected for finalist interviews.

Step 5 – Contract

Once you have selected a consultant, you may want to negotiate the contract to establish fiduciary responsibility and to emphasize adherence to the investment process you've agreed on.

- **Fiduciary Duty.** Consultants should acknowledge and agree that they are fiduciaries of your organization and therefore have a duty of care and a duty of loyalty and obedience to your mission. See [Additional Resources](#) at the end of this document on Fiduciary Duty.
- **Compliance with the IPS.** Consultants and investment managers may agree to make investments that are consistent with your investment policy statement and any ESG guidelines. You may need to define how you will evaluate whether the investment managers are in compliance.
- **Due Diligence.** You may require a minimum of an annual on-site due diligence visit to the consultant's location, including access to the systems and processes used in management of your investment program
- **Mission Investing Process and Goal Reporting.** You may require that the consultant report annually on (1) the consultant's process for incorporating your mission in its decision-making process and for evaluating the ESG integration capabilities of your portfolio managers, and (2) mutually agreed upon topics and metrics that relate to the impact you'd like your investments to have.
- **Shareowner Engagement.** The contract may require the consultant to provide reports on proxy voting and company engagement.
- **Consultant's Performance Metrics.** The contract may describe how and when the consultant's performance will be evaluated. Consider an annual review based on mutually agreed upon financial and impact portfolio performance metrics as well as assessment of the consultant's responsiveness, ability to access and assess new ESG or impact managers and products, and willingness and ability to partner with the investment committee toward aligning the portfolio with your institution's mission.
- **Termination.** The contract may allow you to terminate the contract if the consultant fails to perform its fiduciary duties, including its duty of loyalty to align investments with your mission.



Conclusion

Conducting a review of your current investment consultant or searching for a new one is time- and resource-intensive whether you handle the review/search internally or hire an external consultant, but a well-planned and well-executed search will yield great dividends in establishing a fruitful partnership between you and your future consultant. In this article we suggest a two-step search process, and we cannot overstate the importance of doing critical prep work beforehand to ensure you are clear about your objectives and expectations. Investment consultants come in many shapes and sizes with a wide range of ESG capabilities, specialties and experience. Your “best fit” advisor most likely has experience serving similar size and types of endowments and/or foundations, whether they be a generalist or ESG specialist. Your time will be well-spent laying the groundwork for a successful review/search by: (1) conducting a self-assessment to gauge preparedness;(2) selecting search committee members with interest, expertise and time availability; and (3) identifying and ranking priorities so your evaluation tool narrows and directs you to strong final candidates.

In the Appendices we have included potential questions for both a Request for Information and a Request for Proposal. These questions are meant to be suggestions targeted to ESG/mission-related investing objectives and are by no means inclusive of all RFI/RFP topics. Build off of your peers’ experience, as you don’t need to re-invent the wheel, and have confidence that your intentional, thoughtful process will yield results! For a recent example of a mission-related investing consultant search, see the synopsis of the Jessie Smith Noyes Foundation process at <https://www.noyesadvisorsearch.org/>.

APPENDIX A: Sample Questions for Investment Consultant RFPs or Dialogues

FIRM PERSPECTIVE AND APPROACH	WHY ASK THIS QUESTION?	INTERPRETING RESPONSES
<p>Policy & definition.</p> <p>What is your firm’s definition of ESG investing? Impact Investing?</p> <p>Please provide an overview of how ESG considerations are incorporated into your client service and research processes.</p> <p>If you have a policy that incorporates Environmental, Social and Governance (ESG) matters, please provide. If there is no specific attention to ESG issues, explain why.</p>	<p>The objective is to find out the consulting firm’s view of ESG and how/whether it’s included in all of the work they do.</p>	<p>Many firms now have policies and some may be very boilerplate. Look for specifics rather than one broad, overarching statement. Is the policy aspirational or practical?</p>
<p>Investment beliefs and policy statements.</p> <p>What are your investment beliefs and how will you help us develop our own?</p> <p>Explain the process your firm uses to craft an investment policy statement that would incorporate mission-alignment of the investments.</p> <p>Has your firm worked with organizations to develop a theory of change and integrated this theory into an investment process?</p> <p>What recommendations would you make regarding our current Investment Policy Statement?</p> <p>What are your views on the appropriate time horizon(s) for our strategy and performance evaluation?</p>	<p>The investment policy statement will provide the rationale for aligning your investments and establish a process for getting there.</p>	<p>It is a good idea to provide your current IPS and ask for recommendations. Consultants will have a clearer picture of your goals and objectives, and you will get a sense for their approach to working with clients and what could be improved upon (from their perspective).</p>
<p>Fiduciary duty.</p> <p>How do you believe sustainable, responsible and impact investing strategies fit within the framework of fiduciary duty?</p> <p>How would you as a consultant help us align our long-term investment focus with our strategy and need to earn returns?</p> <p>How do you believe sustainable, responsible and impact investing strategies perform relative to other investments? What evidence can you cite?</p>	<p>Find out whether the consulting firm believes ESG analysis is part of executing one’s fiduciary duty, or is it a distraction and only relevant for mission-related organizations.</p>	<p>Does the firm’s point of view fit with your organization’s beliefs and approach? If you believe that ESG and sustainability factors can have a material impact, is the same belief reflected in the consultant’s response?</p>
<p>Materiality.</p> <p>What is your firm’s position on the perspective that environmental, social and governance (ESG) factors are risk factors which can have a material impact on investment performance?</p> <p>What systemic risks should be addressed in our investment policy and why?</p>	<p>Understand how the firm views ESG risk factors and their impacts on performance.</p>	<p>Does the firm’s point of view fit with your organization’s beliefs? If you believe that ESG and sustainability factors can have a material impact, is the same belief reflected in the consultant’s response?</p>

APPENDIX A: Sample Questions for Investment Consultant RFPs or Dialogues (continued)

FIRM RESOURCES AND EXPERTISE	WHY ASK THIS QUESTION?	INTERPRETING RESPONSES
<p>Resources.</p> <p>What resources do you commit to sustainable, responsible and impact investing? Do you have dedicated staff? If not, how do you provide these services to your clients?</p> <p>What research and data sources are developed in-house or sourced from vendors for conducting sustainable, responsible and impact investing?</p>	<p>Determine whether the consulting firm has the appropriate resources to help you meet your ESG objectives.</p>	<p>Does the firm have the necessary resources and skills to meet your objectives? For example, if your endowment is interested in low-carbon approaches, does the consultant have the expertise necessary to help your endowment explore appropriate strategies or measure the carbon intensity of your portfolio?</p>
<p>Expertise.</p> <p>How do investment professionals in your firm learn about and maintain their knowledge of ESG integration and other sustainable investing themes?</p> <p>Describe how you distribute knowledge about sustainable investing across your firm.</p> <p>How many of your investment consultants have ESG expertise?</p>	<p>Determine whether the consulting firm has the appropriate expertise to help you meet your ESG objectives.</p>	<p>Assess if the firm's expertise aligns with your goals and needs. Not all firms include internal ESG experts to address client inquiries on related topics. If you want a firm to ensure that ESG experts are consulted in relation to your endowments potential questions you may want to clarify your expectations during dialogues with consultants.</p>
<p>Networking and thought leadership.</p> <p>Is your firm active in any ESG or sustainable investing investor groups? If yes, please list and provide detail about your involvement. If not, why?</p> <p>Do you produce thought leadership (written reports and publications)? If so, is the information available to the public? Please provide examples.</p>	<p>Understand the firm's involvement in thought leadership and industry initiatives on ESG.</p>	<p>Understanding of ESG investing is rapidly evolving and you want to understand whether the consultant is using networks to expand its knowledge. This question also helps assess the consultant's engagement in the learning process.</p>

APPENDIX A: Sample Questions for Investment Consultant RFPs or Dialogues (continued)

FIRM RESOURCES AND EXPERTISE (CONTINUED)	WHY ASK THIS QUESTION?	INTERPRETING RESPONSES
<p>Engagement.</p> <p>What experience does your firm have with proxy voting and with clients that seek more education and information about voting their own proxies?</p> <p>What experience does your firm have with assisting clients in participating in or leading on shareholder resolutions?</p>	<p>Shareholder engagement can be a resource intensive process. This will help determine what support you will be provided, if any, if this is an area of interest for you.</p>	<p>Most consulting firms provide minimal assistance in the proxy voting process but may help to interpret the issue and share information on your ownership of company stock. However, they may connect with non-profit groups or asset managers with active engagement programs that you may join forces with.</p>
FIRM PRACTICES AND INVESTMENT PROCESS	WHY ASK THIS QUESTION?	INTERPRETING RESPONSES
<p>Working with clients.</p> <p>Are ESG issues considered in manager evaluation and asset allocation recommendations regardless of specific client demand?</p> <p>Please provide brief examples how you proactively engage clients on aligning their portfolio with their mission and work with them to develop new tools and processes.</p> <p>How many of your firm's clients are engaged in sustainable, responsible and impact investing?</p>	<p>Further understand the firm's approach to working with clients on ESG topics.</p>	<p>Often consultants will give an anecdotal response. While this can be informative, you will want to request more than one example and preferably multiple examples that are quite different than each other to give you a picture of the consultant's ability to be flexible, to learn alongside your institution as well as guide your institution.</p>
<p>Communication.</p> <p>Describe your standard reporting routines.</p> <p>How often and how (e.g., meetings, written reports) are ESG investing activities reported to clients?</p>	<p>Understand how and when the firm communicates on ESG activities.</p>	<p>Does the firm communicate ESG activities? When and how would you like your consultant to be proactively communicating ESG investing activities to you? Does the firm provide these communications?</p>

APPENDIX A: Sample Questions for Investment Consultant RFPs or Dialogues (continued)

FIRM PRACTICES AND INVESTMENT PROCESS	WHY ASK THIS QUESTION?	INTERPRETING RESPONSES
<p>Asset allocation.</p> <p>How do you integrate ESG considerations into asset allocation recommendations, modeling and/or scenario analysis?</p> <p>Over the last 12-month period, have ESG factors influenced or impacted investment allocation recommendations? If so, please provide brief examples.</p>	<p>Assess if the consulting firm considers ESG in its approach to asset allocation.</p>	<p>Is the firm considering material implications of ESG factors? Do they have a thoughtful nuanced approach, is it focused only on one specific ESG issue, have they given due consideration in a manner that meets your expectations?</p>
<p>Manager Evaluation and Selection</p> <p>How do you currently evaluate an asset manager’s ability to incorporate ESG factors in valuation or portfolio composition as part of your overall assessment of investment managers? Please provide detail on the criteria used to evaluate managers based on their ESG approaches. How much weight do you assign to this as part of your total evaluation or ranking?</p> <p>When conducting a manager search for a client, how are ESG factors included in the manager search document? How do you display a manager’s competence and capacity for ESG analysis?</p> <p>Do you have a manager ESG questionnaire for understanding the level of ESG integration by managers and the main drivers for doing so? If so, please provide an example.</p> <p>How many of your recommended managers explicitly integrate ESG or other thematic sustainability considerations?</p> <p>What are the total assets committed to these strategies versus total assets in all strategies in the firm? How many products and vehicles were used?</p> <p>What is your capacity, process and time frame for reviewing impact investments or ESG managers that we may bring to your firm’s attention?</p> <p>How do you balance offering your clients transparency into their portfolio with the manager’s need to protect proprietary investment strategies?</p> <p>How do you assess how managers define, plan and measure engagement?</p> <p>How do you assess your process and success in manager selection?</p>	<p>Understand whether ESG has been fully integrated into the consultant’s diligence process and the level of transparency you can expect into the managers’ investment processes.</p>	<p>How comprehensive is the consultant’s understanding of and incorporation of ESG factors into the investment process?</p>

APPENDIX A: Sample Questions for Investment Consultant RFPs or Dialogues

FIRM PRACTICES AND INVESTMENT PROCESS	WHY ASK THIS QUESTION?	INTERPRETING RESPONSES
<p>Contracts.</p> <p>Do you develop or include ESG-related clauses for investment management agreements? If so, please provide several examples.</p> <p>Do you have any client contracts with ESG-related clauses relating to your firm's activities?</p>	<p>The contract supports accountability and provides parameters for the relationship between you and your consultant and/or you and your investment managers.</p>	<p>Including such language helps emphasize the partnership between you and your consultant and the active roles you will each take in incorporating ESG into the investment process.</p>



APPENDIX B: Sample RFI Questions

1. Please provide a brief background on your firm, including a breakdown of type and asset size of clients you work with (e.g., retirement, endowment, foundation, high net worth). [Note: For asset size breakdown, you may want to provide ranges so that you can individualize the consultant response to your institution size. For example if you have a \$50 million endowment, you may want to have a range of \$25 to \$75 million included in the response.]

a. What percentage of your clients and AUA is focused on ESG oriented investments?

b. For how long have you had ESG integration clients?

2. What is your investment philosophy and how does it contribute to sustainable performance and societal impacts that are aligned with our mission goals?

3. What qualifications and background does your staff have in ESG integration and sustainable investment practices? Describe how your firm acquires and distributes knowledge about ESG incorporation and other sustainable investing practices among your investment professionals.

4. Please provide an example of how you help a client similar to us in size and type align their investments with their mission from IPS to asset allocation to manager implementation.

5. Why should we hire you?

Other: Many investors also include one or two questions that are specific to their financial and impact goals.

If you are clear on your investment beliefs, we suggest including a question asking for the consultant's investment beliefs: What are your investment beliefs, including your views on strategic and tactical asset allocation, manager selection and active/passive management, hedge funds, alternative strategies, private investments, and the role of ESG.



Additional Resources

[Aligning Expectations](#), Principles for Responsible Investment, February 2013

[The 21st Century Investor: Ceres Blueprint for Sustainable Investing](#), Ceres, June 2014

[Tips for Charitable Organizations to Consider When Hiring Consultants](#) | Reinhart Attorneys at Law, August, 2016

[Investment Consultant Services Review](#), Principles for Responsible Investment, December 2017

[Fiduciary Duty in the 21st Century Progress Report](#) | Principles for Responsible Investment, United Nations Environment Program Finance Initiative and The Generation Foundation, December 2017

[Fiduciary Duty in the 21st Century U.S. Roadmap](#) | Principles for Responsible Investment, United Nations Environment Program Finance Initiative and The Generation Foundation, September 2015

[Cambridge Handbook of Institutional Investment and Fiduciary Duty, Chapter 8](#) | June, 2014

¹ [Fiduciary Responsibility: Legal and Practical Aspects of Incorporating Environmental, Social and Governance Issues Into Institutional Investment](#), Asset Management Working Group, UN Environment Programme Finance Initiative, June 2009

² [Incorporating Environmental, Social and Governance Factors Into Investing: A Survey of Investment Consultant Practices](#), Ceres, September 2012

³ [Investment Consultant Services Review](#), Principles for Responsible Investment, December 2017

⁴ [2017 Nacubo-Commonfund Study of Endowments](#), National Association of College and University Business Officers and Commonfund Institute, 2018.



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