



Intentional
Endowments
Network

Endowments Investing for a Thriving, Sustainable Economy

IMPACT REPORT 2018

IEN IS AN INITIATIVE OF THE CRANE INSTITUTE OF SUSTAINABILITY, A TAX-EXEMPT 501(C)(3) NON-PROFIT

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IMPACT REPORT 2018

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MESSAGE FROM THE EXECUTIVE TEAM

Envision a world in which all businesses, communities, and institutions take the long view, and avoid undermining the capacity of both current and future generations to obtain a decent quality of life; Where we are dedicated to creating opportunities for education and good jobs, preserving personal freedoms, and instilling the value of personal responsibility.

Envision an economic system in which we consider how every action affects people around the world, now and in the future; Where we closely manage impacts on natural systems—our ‘life-support system’—to not excessively harvest, damage or pollute at rates greater than those systems can regenerate; Where we account for the full costs of our activities, and address the market failure to account for the costs of negative effects on health, communities, or natural systems, leaving taxpayers, far-off communities, and future generations to bear the burden.

We believe this vision is achievable; that we can create an economy that is sustainable and just, powered by clean, renewable energy, with efficient resource management, ample opportunities for dignified work, and fair rewards for the contributions of both labor and capital. Higher education and the finance sector have central roles to play realizing that vision.

While much of the news in 2018 trended towards political breakdown and devastating impacts of climate change, we also saw the encouraging trend toward more sustainable business and investment practices continue.

As you will see from the content of this report, endowment leadership on this more positive trend continued to grow. We welcomed *35 new members*, including asset owners, managers, and advisors into

the Intentional Endowments Network, and saw more investment committees develop and implement sustainable investing policies. Over *twenty student-managed funds* engaged in our new peer-learning initiative geared towards the sustainable investing professionals of the future—the SIILK Network. The network advanced learning around strategies for identifying investment risks and opportunities associated with climate change, inequality, and other social and environmental factors, comprehensively categorized within the framework of the 17 Sustainable Development Goals.

We are incredibly grateful to the IEN members and Steering Committee, the Board and growing staff of The Crane Institute (IEN’s nonprofit home), and our funders and partners for the leadership, open mindedness, generosity, and hard work they bring to this effort.

We look forward to your feedback on this reflection on our collective impact in 2018, and to continuing to enhance it in 2019 to meet the scope and urgency of the unprecedented sustainability challenges we face.

- **Anthony Cortese, Co-Founder and Senior Fellow**
- **Alice DonnaSelva, Managing Director**
- **Georges Dyer, Co-founder and Executive Director**



MESSAGE FROM **OUR BOARD CHAIR**

Our society is in a time of great transition and endowments have a special role to play ensuring our economy is equipped to meet the challenge. To create a sustainable and regenerative tomorrow, we must meet the needs and increase prosperity for all people today. This is particularly difficult in the face of climate change, political polarization, and extreme wealth inequality. Colleges and universities also face mounting challenges around affordability, student access, economics and demographics. It is more important than ever to ensure that endowment portfolios are resilient and structured to grow capital in a way that integrates the risks and opportunity sets from environmental, social and governance (ESG) factors. Fiduciaries are tasked to shepherd this capital in service of institutional mission and for the benefit of society. It is therefore critical that investments align and support—not undermine—that mission. Members of the Intentional Endowments Network—regardless of where they are in the process of grappling with these dynamics—demonstrate the bold leadership needed to ensure a healthy, thriving society for generations to come. The Board of the Crane Institute is proud to work within such a dedicated community to create a better world.

• **Natasha Lamb, Board Chair,**
Crane Institute of Sustainability Managing Partner,
Director of Equity Research & Shareholder Engagement,
Arjuna Capital

ABOUT IEN

The Intentional Endowments Network (IEN) is a peer-learning network where endowment staff, CIO's, trustees and other fiduciaries can learn about investing for a thriving, sustainable economy for the next generation. IEN is a robust and active network of more than 150 leaders from colleges, universities, and other endowed nonprofits and their stakeholders, financial industry practitioners and academic experts. Our vision is for intentionally designed endowments to be the norm.

NEED FOR HIGHER EDUCATION LEADERSHIP IN SUSTAINABILITY

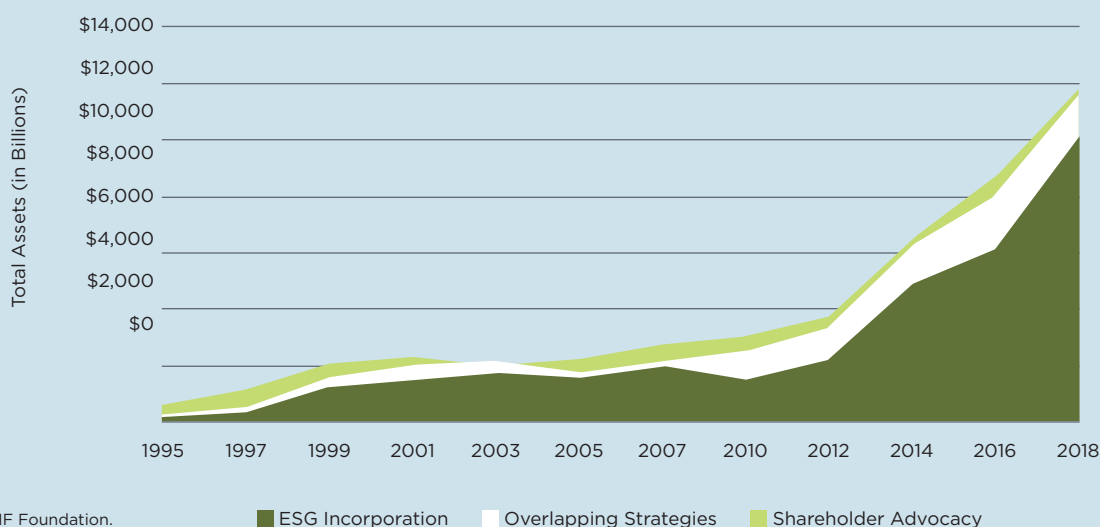
Challenges related to climate change, water, food, economic inequality, poverty and social unrest pose an existential threat to society and higher education is one of the few sectors designed to think and act for the long-term good of society. Higher education institutions play a critical role in educating the nation's future leaders and professionals, helping solve current problems, anticipating tomorrow's challenges, and setting a behavioral model for society. Thus it is essential that colleges and universities intentionally seek to align all their actions—including investments—with the mission of higher education, to enhance their financial sustainability and to help society evolve in a positive direction.

OUR ACTIVITIES

To serve as a learning community, the network brings together higher education senior level decision makers and key stakeholders, creates venues for knowledge exchange and constructive dialogue to move past persistent barriers to action, provides thought leadership, and partners with other organizations in the field for action. We emphasize that the network is by, for, and of the members and strive to have the members guide the direction of our work. The network undertakes strategic activities that are in the broader context of ensuring long-term stability of endowments while moving society towards sustainability.

STATE OF THE FIELD

The 2018 Sustainable, Responsible and Impact Investing Trends report by US SIF: The Forum for Sustainable and Responsible Investment found \$12 trillion in US assets were invested with consideration of environmental, social and governance (ESG) issues in investment research, analysis and decision-making or with an active ownership strategy through shareholder engagement. This means that 1 in 4 dollars of the total US assets under professional management are using one or more of these strategies.



Out of \$12 trillion, educational institutions held \$317 billion in assets, which is about 50% of total higher education endowment assets invested with ESG considerations. This is an 8% increase from the \$293 billion identified in 2016.

The majority of educational institutions' ESG assets considered conflict risk and tobacco criteria in the investment analysis while climate change and carbon emissions considerations have also increased since 2016.

The 2018 Study of Endowments report by the National Association of College and University Business Officers (NACUBO) and The Teachers Insurance and Annuity Association of America-College Retirement Equities Fund (TIAA) found that out of the 802 higher education institutions surveyed, about 30% have implemented some form of sustainable investing strategy which include the adoption of a sustainable investing investment policy, investments ranking high on ESG criteria, negative screening and impact investments. This number did not significantly change from the previous year. Nearly half of those institutions

implementing some form of sustainable investing strategy were excluding or screening out investments inconsistent with their mission.

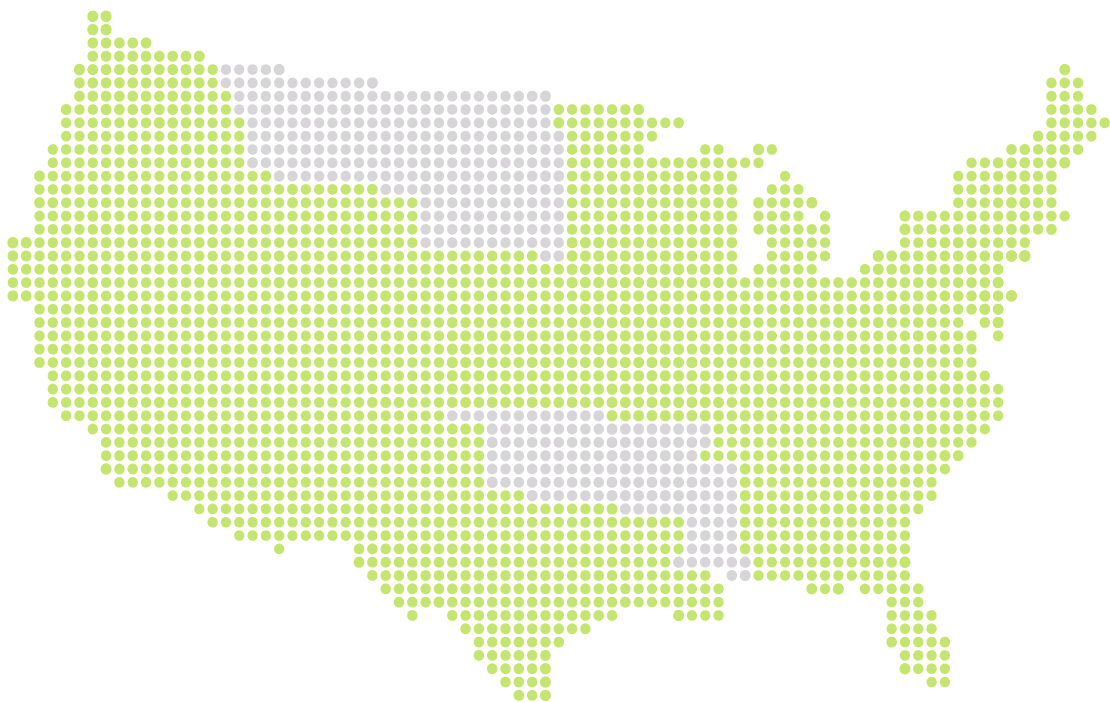
The research done by US SIF and NACUBO-TIAA indicate that while the number of institutions implementing sustainable investing strategies have not changed significantly, the assets mobilized for these strategies have increased. In addition, because NACUBO-TIAA's study did not survey shareholder engagement activities of institutions, it is possible that the number of institutions engaged in these strategies have actually increased but was not captured in the study.

As of 2018, more than 80 educational institutions reporting to The Association for the Advancement of Sustainability in Higher Education (AASHE)'s Sustainability Tracking, Assessment & Rating System (STARS) have instituted committees on investor responsibility, compared with about 40 in 2016. In addition, about 60 universities and university systems have adopted sustainable investment policy statements.

THE BIG PICTURE

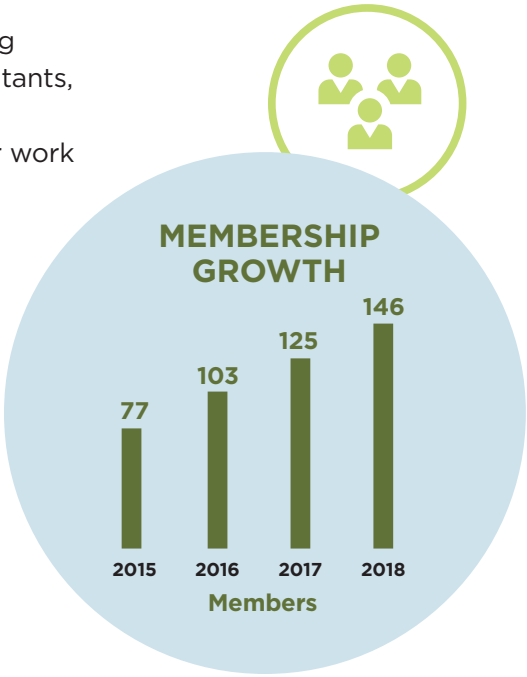
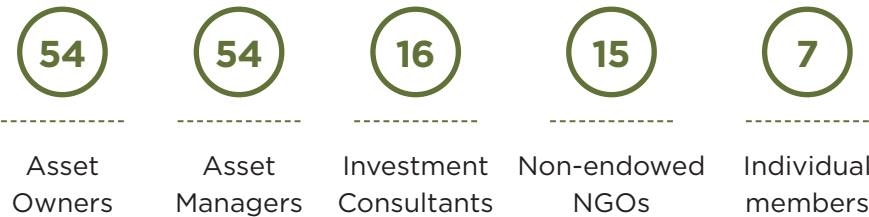
Since 2014, IEN has become the leading peer-to-peer driver of transformative, mission-aligned investing by higher education endowments. What has that journey looked like?

Over 3,000 diverse leaders in 44 US states, Canada, and the UK have come together



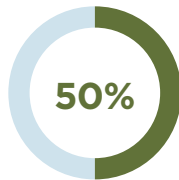
IEN brings together key stakeholders in advancing the field, including asset owners, nonprofit partners, asset managers, investment consultants, and individuals. Our inclusive engagement strategy allows for cross-sector collaboration and partnerships, which effectively advance our work at the intersection of higher education, finance, and sustainability.

In addition to broad stakeholder engagement, our core network has grown to include **146 active members**, including 35 new members in 2018. Most of the new members are asset owners or asset managers. Our diverse membership consists of:

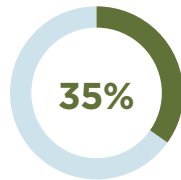


IEN members have led the way to concrete action

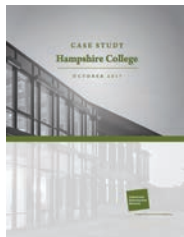
- > \$6 trillion in assets represented by members of the network
- > \$28 billion in assets represented by schools in the network



About 50% of our member schools are reporting to STARS or are signatories to at least one major sustainability commitment, including Principles for Responsible Investment (PRI), Ceres Investor Network on Climate Risk and Sustainability, CDP, and others.



About 35% of our member schools have incorporated ESG language in their investment policy statement and have instituted a committee on investor responsibility.



We have built the evidence base and made the case for intentionally designed endowments through over 20 publications and articles

IEN has produced case studies, white papers, guidelines, toolkits, and articles to continue to be a resource and an information hub for college and university endowments. The development of these resources are a collective effort of members of the network and others in the field to address challenges and misconceptions within the industry, and seek to bring progress.



Network members have learned, planned, and created together through 14 events, 27 webinars, and 10 issue-specific Working Groups

Guided by a volunteer Steering Committee of endowment, investment industry and non-profit leaders, our events and webinars cover issues that are top-of-mind for our members in order to meet the needs of the industry and bridge existing knowledge gaps. The interactive structure of our events facilitate peer-learning and information exchange among participants. Our annual flagship event, the Higher Education Climate Leadership Summit, gathers over 250 higher education leaders working to advance solutions to the climate change crisis. In addition, IEN hosts workshops and roundtables throughout the year.

IEN Working Groups meet regularly to advance key strategies in support of the network's goals. Some are intended to be long-standing, while others form around specific tasks for a short period of time. The Working Groups, made up of diverse stakeholders to allow for cross-sector collaboration, are valuable in the creation of strategies and resources that have wide-ranging impacts and applications. To date, the Working Groups have been essential in the development of resources, partnering for action, and facilitating peer-to-peer learning among the Working Group members and beyond.

2018 HIGHLIGHTS AND RESULTS

Case Study: Arizona State University (ASU)

The case study discusses why ASU made a move toward sustainable investing and how they did it, including changes in their investment policy statements and relationships with external consultants and managers.



“

As a peer learning network comprised of foundation staff, CIO's and trustees, hearing from people they trust and see as credible as fiduciaries is crucial...
— Garrett Ashley,
Vice Chancellor for
University Relations and
Advancement, California
State University

Community Impact Investing Roundtable

The half-day roundtable convened more than 70 endowment and foundation decision-makers along with other stakeholders interested in working closer with their local communities.



“ Big work being done. Resourcing is key going forward, and finding ways to create and drive urgency is essential.
— Asset Owner Member

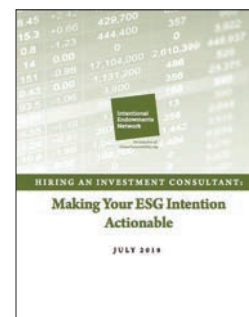


Tony Cortese Wins AASHE's Lifetime Achievement Award

The Association for the Advancement of Sustainability in Higher Education (AASHE) has named IEN's Co-Founder, Dr. Tony Cortese, as the recipient of the Lifetime Achievement Award, recognizing his outstanding achievements and progress toward sustainability.

Resource: Hiring an Investment Consultant

This resource provides guidance for investors looking for an investment consultant who will help them align their portfolio with their mission throughout the investment process.



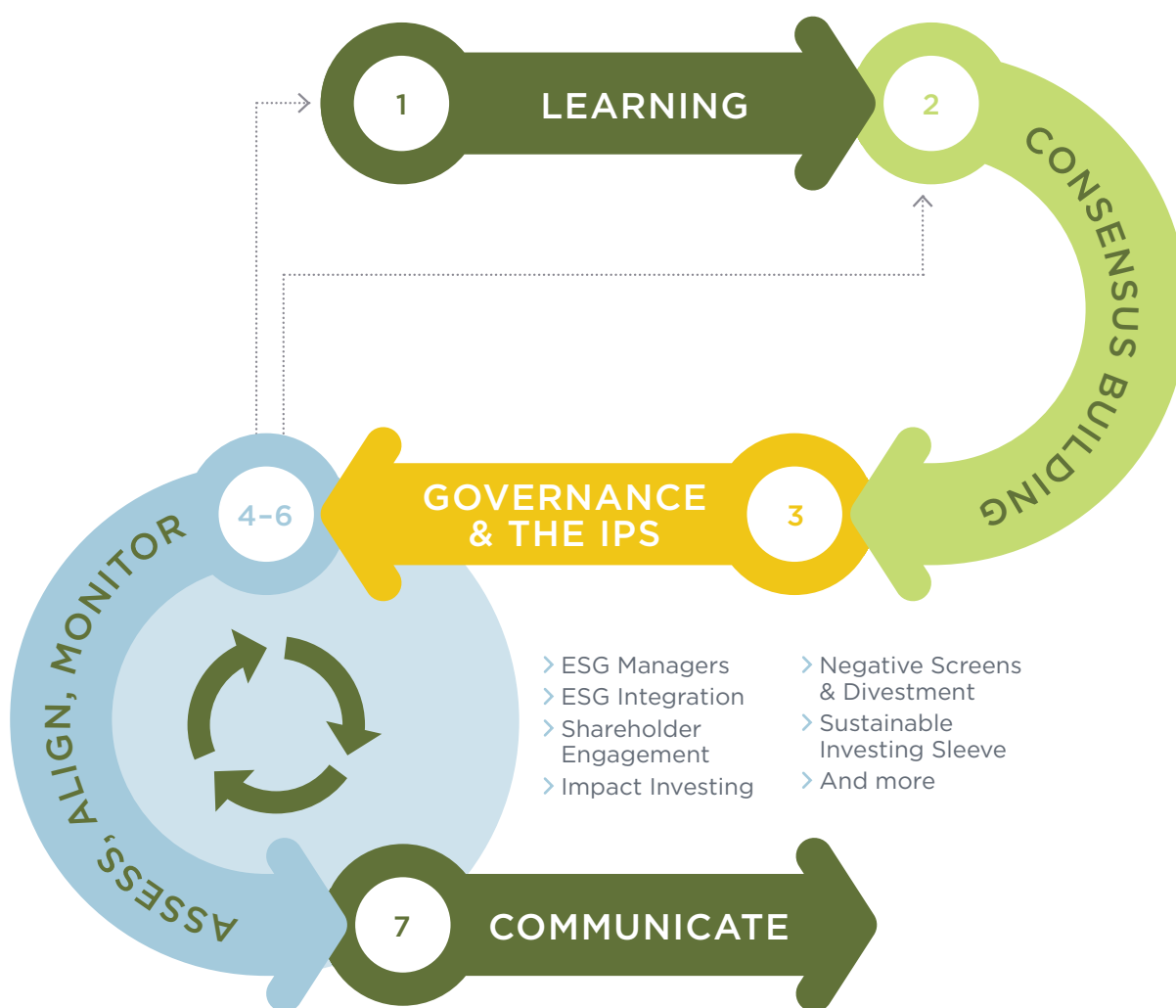
Higher Education Climate Leadership Summit

The February 2018 summit was the year's largest gathering of higher education presidents, chancellors, trustees, and other senior leaders committed to accelerating climate solutions, with over 275 participants.



Resource: The Intentionally Designed Endowment Roadmap

The Roadmap guides investors through key steps toward creating intentionally designed endowments. This guide is to be a living document, that is updated as stakeholders provide feedback, new supporting tools and resources become available, and as circumstance change.





The network undertakes strategic activities that are in the broader context of ensuring long-term stability and growth of endowments while moving society towards sustainability.

STRATEGY: Convene the network for joint learning and action

2018 RESULTS: 4 IEN events, 18 panels at other conferences

Highlights: IEN held our annual Higher Education Climate Leadership Summit in February, Community Impact Investing Roundtable in June, Intentionally Designed Endowment Roundtable at the Appalachian Energy Summit in July, and a Sustainable & Impact Investing Learning & Knowledge Network Meeting at the SRI Conference in October. We also designed panels at other conferences to expand our reach to different audiences, increase touch-points with our

members, and to be an honest broker for open and productive dialogue among decision-makers, stakeholders, and experts. Some partner events include the The Association of Governing Boards of Universities and Colleges (AGB) Foundation Forum, AASHE, PRI's Responsible Investing Americas, and Opal's Impact Investing Forum. Our events also serve to create synergy among all existing organizations and efforts to create the scale and speed necessary to advance the field.

STRATEGY: Build capacity for sustainable investing

2018 RESULTS: Produced 10 webinars



Highlights: Our monthly webinars cover a variety of topics depending on our members' interests. As a network facilitating information exchange and learning, webinars allow us to tap into the vast expertise of people in the network, make learning accessible and interactive, and provide breadth and depth in learning. The topics covered in 2018 include: incorporating diversity, equity,

and inclusion (DEI) factors in the investment process, Green Bonds, ESG data and corporate engagement, impact management, and long-short ESG strategies for endowments, just to name a few. Our monthly webinars engaged over 500 participants (members and our broader network), and 77% of all surveyed members found our webinars to be of value.

STRATEGY: Form and nurture connections

2018 RESULTS: Engaged 1,000 new leaders in the space,
Supported 5 active Working Groups

Highlights: Through convenings and other network activities, we engaged new leaders and stakeholders in the higher education, business, and non-profit sectors in our work. Given the network is by, for, and of the members, it's essential for the network to continue to include new voices and ensure diverse perspectives, expertise, and experiences are represented in the network. California State University has made a video about the importance of the network and why they are engaged whhich you can view at <https://vimeo.com/309329035>.

We currently have five active Working Groups whose efforts have led to informative webinars, publications, surveys, and seminars this year.

IENT's Working Groups

- Fiduciary Duty & Policy
- Trustee Peer Learning
- Sustainable & Impact Investing Learning and Knowledge (SIILK)
- Diversity, Equity, and Inclusion (DEI)
- Gender Lens Investing
- Shareholder Engagement



STRATEGY: Provide relevant research and analysis

2018 RESULTS: Published 11 reports and articles

Highlights: We strive to be an ongoing source of new information, models of best practice, and actionable opportunities tailored to higher education and other public service institutions. Our publications and reports allow us to pool and leverage the expertise of our network members to address challenges and misconceptions within the field, and seek to provide the resources needed to bring about progress. 2018 publications featured topics including hiring an ESG-focused investment consultant, endowment investing in solar energy, sustainable retirement plans, and starting a student-managed SRI Fund. We also developed the *Intentionally Designed Endowment Roadmap*, a framework investors can use to guide their institutions toward creating intentionally designed endowments.

“

IEN is an important body and I sense will continue to grow in being a resource and relied upon ‘honest broker’ for the endowment community. A special thank you for the weekly roundup—I know a lot of work goes into that and I look forward to reading it each time!
— *Asset Manager Member*

STRATEGY: Sustain the network

2018 RESULTS: Revenue increased by 25% from last year

Highlights: Funders who supported IEN’s work in 2018 are: Litterman Family Foundation, Denver Foundation, Rockefeller Brothers Fund, Generation Foundation, Vermont Community Foundation, Ford Foundation, and the Wallace Global Fund.

We welcomed 2 new staff members with cross-sectoral background in finance, higher education, corporate social responsibility, and international development.



STRATEGY: Facilitate knowledge exchange

2018 RESULTS: Developed a new IEN website and sent out 48 weekly newsletters

Highlights: IEN's website has a new look! The revamped website (www.intentionalendowments.org) allows visitors to find and access key resources more easily, understand the purpose of the network, and collaborate with others. Resources available on our website have been accessed and shared by many, including one one asset owner reached out to thank us after she shared IEN's tools with faculty leaders and board members at her school to build consensus among her colleagues. IEN also disseminates weekly newsletters to keep members informed on recent developments in higher education, sustainability, ESG and responsible investing fields. In 2018, we sent out 48 newsletters, reaching 3033 people.



WHAT'S NEXT FOR IEN?

As a network *by, for, and of the members*, our members guide the direction of our work. In a recent survey, IEN members steered the network to prioritize providing learning opportunities in 2019 on:

- › The process of moving toward sustainable investing practices
- › Communicating sustainable investing activities with stakeholders
- › Topics including Sustainable Development Goals (SDGs), ESG integration, climate change, impact measurement, diversity, equity, and inclusion, and shareholder engagement

The network plans to expand its reach in the next 2 years to 300 members and will continue to serve as the principal learning platform for endowment leaders working to create intentionally designed endowments. In 2019, we will:

- › Continue to expand and deepen the capacity of trustees and others involved with endowment management to advance mission-aligned sustainable investing through peer learning.
- › Prepare the next generation of leaders in sustainable business and finance through our student and faculty focused initiative, the SIILK Network.
- › Celebrate the success and progress of endowments that are advancing the fields of mission-aligned, sustainable investing.

LIST OF IEN MEMBERS

(as of December 31, 2018)

LEADERSHIP LEVEL MEMBERS

Arizona State University	Litterman Family Foundation	TIAA Endowment and
California State University*	Middlebury College	Philanthropic Services*
Claudia & Peter Kinder	Natixis Asset Management	U.S. Trust*
Charitable Fund	San Francisco State University	Wallace Global Fund
Glenmede*	Foundation	
Hampshire College		

ENDOWMENT AND FOUNDATION MEMBERS

Appalachian State University*	Lewis and Clark College	University of Dayton
ASU Foundation for A New	Loyola University Chicago	University of Maine
American University	Mennonite Education Agency	University of New Hampshire*
Ball State University Foundation	Montserrat College of Art	University of North Carolina
Becker College	Nesta*	Asheville*
California State University,	Northland College	University of Southern Maine
East Bay	Pitzer College	University of Toronto Asset
California State University,	Portland State University	Management Corporation*
Northridge Foundation	Foundation	University of Winnipeg
Catholic Climate Covenant	Pratt Institute	University System of Maryland
Chatham University	Rockefeller Brothers Fund	Foundation
Church Investment Group	Sierra Club Foundation	Villanova University
CSULB 49ers Foundation	The Sant Charitable Foundation	Virginia Wesleyan University*
Eastern Washington University	The University of Massachusetts	Warren Wilson College
Gettysburg College*	Foundation	Wespath Investment
Green Mountain College	Unitarian Universalist	Management
Grinnell College*	Association	World Resources Institute
Humboldt State University	Unity College	
Lane Community College	University of California, Regents	

**Joined in 2018*

LIST OF IEN MEMBERS

(as of December 31, 2018)

INVESTMENT MANAGER, CONSULTANT, NON-PROFIT, AND INDIVIDUAL MEMBERS

AASHE, The Association for the Advancement of Sustainability in Higher Education	Ember Infrastructure*	New Summit Investments
Adele Simmons, President, Global Philanthropy Partnership*	Etho Capital	Nia Impact Capital*
Ahmad AlKubair	F.L. Putnam Investment Management Company	North Sky Capital
Alternative Investment Group	Farm Animal Investment Risk & Return (FAIRR)	Pegasus Capital Advisors*
Amalgamated Bank	First Affirmative Financial Network	Perella Weinberg Partners
Appleseed Capital	Flat World Partners*	Praxis Mutual Funds
Arjuna Capital	Fossil Free Indexes*	Prime Buchholz
BlackRock	Gabelli ESG	Principles for Responsible Investment
Bloomberg, L.P.	Global Endowment Management	Privos Capital
Boston Common Asset Management	Great Lakes Advisors	Provo Wealth Management Group
Breckinridge Capital Advisors	Green Century Capital Management	Reinhart Institutional Investor Services
Brown Advisory	Green Tech Capital Advisors*	Responsible Endowments Coalition
Callan*	Greenbacker Group, LLC	Reynders, McVeigh Capital Management*
Calvert Research & Management	High Meadows Institute	Sarah Cleveland Consulting
Cambridge Associates	HIP Investor	Seamans Capital Management
Capricorn Investment Group	Hirtle Callaghan & Co	Second Nature
Catholic Impact Investing Network*	Impact Shares*	Simonetti—Sandmel Family
CDP	Impax Asset Management	Strategic Investment Group*
Ceres	Institutional Shareholder Services Inc. (ISS)	Sustainable Endowments Institute
Change Finance*	Interfaith Center on Corporate Responsibility (ICCR)	Sustainable Investing 4 All
Church Investment Group*	Iroquois Valley Farms	Sustainable Investments Institute
Clean Energy Venture Management*	iSelect Fund Management*	Terra Alpha Investments, LLC
Commonfund	Jarislowsky Fraser*	Total Impact Capital
Community Capital Management	Joseph Biernat Family	Trillium Asset Management
Community Investment Management	JSA Financial Group	Union of Concerned Scientists*
Cornerstone Capital Group	Karner Blue Capital*	Zevin Asset Management
Council of Institutional Investors*	Klavens Law Group	Walden Asset Management
Croatan Institute	LOCUS*	
DBL Partners	Morgan Stanley	
Ecotrust Forest Management	MSCI	
	Natural Investments, LLC	
	NEPC	
	New Hampshire Community Loan Fund*	

**Joined in 2018*

STEERING COMMITTEE MEMBERS

Garrett Ashley, *Vice Chancellor, University Relations and Advancement, The California State University**

Joseph Biernat, *Trustee, Gettysburg College**

Felicia Davis, *Co-founder, HBCU Green Fund; Coordinator, Sustainability at Clark Atlanta University*

David Dinerman, *Former Trustee, Hampshire College**

Chris Fowle, *Director, Global Networks and Outreach, Principles for Responsible Investment*

Susan Gary, *Professor of Law, University of Oregon Law School*

Don Gould (Chair), *Investment Committee, Pitzer College*

Kelly Green, *Institutional Consultant, Graystone Consulting*

Lisa Hayles, *Vice President, Boston Common Asset Management**

Paul Hilton, *Partner and Portfolio Manager, Trillium Asset Management*

Jessica Huang, *Vice President, BlackRock*

Keith Johnson, *Chairman, Reinhart Institutional Investor Services**

Robert Johnson, *Chancellor, UMass Dartmouth*

Alex Lamb, *Partner; Trustee, New Summit Investments; Monserrat College of Art*

Tamara Larsen, *Executive Director, Perella Weinberg Partners**

Maria Lettini, *Director, Farm Animal Investment Risk & Return*

Bob Litterman, *Chair of Risk Committee, Kepos Capital, LP*

Ken Locklin, *Director, Impax Asset Management**

Jeff Mindlin, *Vice President, Investments, Arizona State University**

Tom Mitchell, *Managing Director, Cambridge Associates**

Erika Pagel, *Portfolio Manager, Brown Advisory*

Jameela Pedicini, *Director, Asset Management, Perella Weinberg Partners*

Imogen Rose-Smith, *Investment Fellow, University of California*

Anthony Rust, *Trustee, Warren Wilson College*

Tim Smith, *Director of ESG Shareholder Engagement, Walden Asset Management*

Joan Steel, *Trustee, Loyola University Chicago*

Heidi Welsh, *Executive Director, Sustainable Investments Institute (Si2)*

Lindsey White, *Senior Manager, Investor Network, Ceres*

**Executive Committee Member*

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