Reinhart
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Sustainable Investing and the Responsible Fiduciary

November 10, 2015

Intentional Endowments Network
Portland, Oregon

Partnering for your Success

IRS Approves Mission-Integrated Investment

IRS confirms that tax rules are consistent with standards under state laws for nonprofit entities.

"[Foundation] **managers may consider** all relevant facts and circumstances, including **the relationship between a particular investment and the foundation's charitable purposes**. Foundation managers are **not required to select only investments that offer the highest rates of return."**

IRS Notice 2015-62

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Regulators Endorse ESG Consideration

Department of Labor advises that material ESG factors are proper elements of investment analysis

"**Fiduciaries need not treat commercially reasonable investments as inherently suspect or in need of special scrutiny merely because they take into consideration environmental, social, or other such factors.**" *ERISA Interpretive Bulletin 2015-01; October 26, 2015*

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State Law Primary Fiduciary Duties

- Exercise care and forward-looking prudence
  - Same level of diligence and care as peers
  - Diversify - Unless purposes of fund are better served otherwise
  - Consider general economic conditions
- Investigate and verify facts relevant to fund management
- Maintain loyalty to fulfilling the fund's and organization's goals
  - Avoid misuse of assets, self-dealing and misconduct
  - Exercise impartiality by balancing current and future needs
- Maintain obedience to mission in both program and investment activities

[Uniform Prudent Investor Act, Uniform Prudent Management of Institutional Funds Act, Restatement of Trusts, Third]

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