Intentional Endowments Network

Intentionally Designed Endowment | Primer

www.IntentionalEndowments.org

INTENTIONALLY DESIGNED ENDOWMENT

ALIGNING INVESTMENT PORTFOLIOS WITH INSTITUTIONAL MISSION, VALUES, SUSTAINABILITY GOALS

VERSION 4.0 | OCTOBER 2015

TABLE OF CONTENTS

Disclaimer: *This primer is provided for informational purposes only. It does not constitute investment advice. Past performance does not guarantee future results. Investments and strategies discussed herein may not be suitable for all readers, so readers should consult with financial, legal, tax or accounting professionals before acting upon any information or analysis contained herein. This primer does not measure or monitor the performance of mangers or funds. The lists, examples and case studies referencing investment managers and vehicles presented in this primer should in no way be considered endorsements or investment solicitations. In no way should this primer be construed as an offer to invest or a form of marketing.*

INTRODUCTION

The objective of the Intentional Endowments Network is to help colleges, universities, and other mission-driven tax-exempt organizations align their endowment investment practices with their mission, values, and sustainability goals, without sacrificing financial returns. A primary mechanism for doing so is a series of regionally focused stakeholder engagement events, called Intentionally Designed Endowment Forums.

The first forum was hosted in partnership by Hampshire College and Second Nature on April 3-4, 2014, in Cambridge, Massachusetts. The Intentional Endowments Network grew out of this event, and subsequently co-hosted forums with the following partners:

- Arizona State University Foundation, January 15-16, 2015, Tempe, AZ
- Mount Holyoke College, February 21, 2015, South Hadley, MA
- Alliance for Sustainable Colorado, May 7-8, 2015, Denver, CO
- Portland State University, November 9-10, 2015, Portland, OR

This document is a primer to provide:

1. Strategic questions to consider
2. Background and an overview of integrating sustainability factors for investment returns and a healthy, just, and sustainable society
3. The status and trends in sustainable investing for college and university endowments
4. A brainstorming list of possible initiatives or activities that may emerge from these conversations
5. A sampling of reports, resources, and organizations pertaining to sustainable investing

This information is intended to spark questions and new ideas, while helping endowment stakeholders prepare to engage in productive dialogue around sustainable investing. It is not intended to be a comprehensive overview of responsible investment policies and programs in higher education or other sectors.

STRATEGIC QUESTIONS AND CONSIDERATIONS

Higher education plays a critical role in preparing for the future, teaching the individuals who will lead and manage society's institutions. Society depends on higher education to provide knowledge, solve problems, anticipate future challenges, and model the behaviors in which society must engage to evolve in a positive direction.

Higher education has made significant progress on addressing broad scale climate and sustainability challenges in educational programs and campus operations over the last two decades. However, few have considered the impact of the approximately $550 billion in endowment funds of the nation's higher education institutions on these objectives. Now, many higher education institutions and foundations are grappling with the question of whether and how to intentionally align institutional investments with their mission, values, and sustainability goals. For most institutions this is uncharted territory.

The following questions and considerations reflect the main themes of the "Intentionally Designed Endowment" forums to date. They are guided by participants' responses to questions circulated in advance of the events:

Institutional Mission, Values, and Sustainability Goals

- What is the relationship between an institution's mission and values and its investment activities? hat should it be?
- How do institutions align their missions with their investment portfolios across asset classes? hat role does stakeholder engagement play?
- What kind of impact can sustainable investment strategies have in terms of improving society?

Leading Institutional Change

- How might institutional leaders effectively learn from one another's experiences?
- What beliefs and views might be motivating or impeding change in institutional investment practices?
- How might institutional leaders most effectively facilitate a constructive conversation and decision-making process on this topic among their stakeholders?

Fiduciary Duty, Costs and Benefits, and Risk Management

- What are the ways to ensure that sustainable investment policies are consistent with fiduciary duty?
- Is there any conflict between aligning investment policies with institutional mission and fiduciary duty? If so, what are its dimensions? How might the conflict be resolved to allow alignment?
- What does experience indicate about the potential costs and benefits of sustainable investing? What is the impact on financial performance?
- How should institutions factor environmental, social, and governance (ESG) criteria into decision-making and investment policies?
- How might our understanding of fiduciary responsibilities evolve based on the current state of knowledge about material risks that ESG analysis can reveal?

Investment Industry Norms

- What strategies and products are available to institutional investors who want to invest more responsibly to benefit society while also achieving competitive returns?
- Given that the universe of comingled funds with strong track records and ESG credentials is relatively small, how can this network ensure that there are many more options for institutional investors?
- How can this network effect an industry-wide shift so that ESG analysis and sustainable investing become the norm? What should we be asking of our investment consultants and asset managers in this regard, and how should we be approaching these conversations?

Leading Societal Change

- What are higher education, the philanthropic community, and the financial sector doing today to advance sustainability investing and the creation of a sustainable economy? What can they do in the future?
- How can these institutions work together to increase understanding of society's sustainability challenges and investment strategies that recognize associated risks and opportunities?
- How might collective action make sustainability investing the norm?

BACKGROUND AND OVERVIEW

Some religious groups and other organizations have explicitly embedded their values into investment decisions for centuries. In recent decades, some colleges, universities, and private foundations have been involved in investment practices related to environmental, social, and governance issues, such as divestment from South Africa and Sudan, and actions related to tobacco, arms, and gambling investments.

More recently, campaigns have called on endowments, private foundations, municipal governments, and other institutional investors to divest from fossil fuel companies. These campaigns have sparked widespread debate, specifically on what divestment means and has accomplished, and generally about the concepts of responsible investment.

Definitions of Terms

The evolution of investment practices related to social responsibility and sustainability has led to considerable confusion regarding terminology. Various approaches under umbrella terms like "responsible," "ethical," or "sustainable" investing have evolved over the past four decades.

Investment Approaches

> **Socially Responsible Investing (SRI)** can use both positive and negative investment criteria to align investments with an individual's or institution's mission or values. However, many use this term to refer only to the strategy of negative screening (see below).
>
> **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.

Investment Strategies

> **Impact investing** involves investing in projects or companies (often not publicly traded) with the purpose of generating positive social or environmental change (e.g., clean technology private equity funds).
>
> **Negative screening** is the strategy of excluding companies, industries, or countries that the investor considers irresponsible from an investment portfolio (e.g., avoiding investing in gambling, alcohol, or tobacco companies).
>
> **Divestment** – or selling an asset – refers to selling holdings in a company or sector for ethical or political reasons in order to reduce risk, to avoid being complicit, or to make a statement (e.g., divesting from fossil fuel companies).
>
> **Positive screening** is a strategy that 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 (e.g., identifying the most energy-efficient or least carbon-intensive companies in a sector).
>
> **Shareholder engagement or advocacy** is a tactic of using ownership in a company to improve its social responsibility practices by voting at shareholder meetings (or by proxy), filing shareholder resolutions, and/or establishing ongoing dialogues with companies (e.g., filing a resolution calling for a company to create a governance policy to ensure gender and ethnic balance among Board members and executives).

These terms are often interrelated. For example, an SRI investor could engage in impact investing, factor ESG criteria into decision-making, and use a combination of negative and positive screens and engagement strategies.

Many investors who are unfamiliar with the field equate terms like socially responsible investing, ethical investing, impact investing, environmental, social, and governance investing, responsible investing (RI), and sustainable investing (SI). Many associate SRI with "negative screens" – the practice of excluding certain investments for normative reasons, thus limiting the investment universe – even though negative screening is but one strategy employed by some socially responsible investors. This conflation of terms and misunderstanding of what they mean has caused some mainstream investors to write off approaches to responsible investing without fully understanding them.

Several leading groups have begun using the acronym SRI to refer to "sustainable, responsible and impact" investing, as an umbrella term for the various investment approaches and strategies.

Many practitioners in the field recognize that this abundance of terms is confusing and can often be a barrier to entry for investors. Several argue that such labels should be abandoned and as it becomes increasingly clear that sustainability issues are material investment issues, these strategies and approaches will become a natural part of 'long-term' or 'future-oriented' investing – or perhaps, simply "investing."

We will use the terms SRI, RI, and SI interchangeably to mean aligning investment practices with institutional mission and values, regardless of the strategies used to do so.

Brief History

The modern concept of SRI emerged in the 1960s and 1970s. Shareholder activism stemming from the civil rights, anti-war, and environmental movements of the 1960s put pressure on companies, driving them to respond with corporate social responsibility (CSR) initiatives. The 1970s saw the emergence of the first socially screened mutual funds.

Throughout the 1980s, key issues and events accelerated the growth of SRI practices, such as:

- Apartheid in South Africa
- Bhopal (1984 gas leak at the Union Carbine pesticide plant in Bhopal, India)
- Chernobyl (1986 nuclear accident at the Chernobyl Nuclear Power Plant in Ukraine, then a part of the Soviet Union)
- Valdez (1989 Exxon Valdez oil spill in Alaska)

Through the 1990s and 2000s, as the sustainability movement grew and matured, so too did the sustainable investment field. With increasing sophistication, investors have integrated social and environmental issues – from climate change, deforestation, and toxic waste to indigenous peoples' rights, labor practices, and gun control – into investment criteria. There has been an increase in institutional acceptance of the relevance of ESG factors in decision-making.

In 2002, 35 institutional investors requested greenhouse gas data from the FT500 Global Index companies,[1] launching the Carbon Disclosure Project (CDP). CDP, now backed by more than 767 institutional investors representing over $92 trillion in assets, solicits reports from thousands of companies on issues related to climate change, water, supply chains, and forest risk.[2]

In 2003, Ceres launched the Investor Network on Climate Risk (INCR), advancing the notion that climate change is a financial risk. INCR now consists of a network of more than 100 institutional investors representing more than $12 trillion in assets. Its mission is to mobilize investor leaders to address climate and other key sustainability risks, while building low-carbon investment opportunities. In 2014, Ceres released the "Clean Trillion" report calling for an average of $1 trillion in increases in annual clean energy investments over business-as-usual projections – which is the amount needed to have an 80% chance of limiting global temperature increases to 2°C.[3]

The Principles for Responsible Investing (PRI) were launched in April 2006 and have since garnered 1,232 signatories representing assets under management of $34 trillion (as of April 2013). Signatories commit to six principles related to factoring ESG issues into their own decision-making and throughout the investment industry.[4]

In 2012, a coalition[5] launched a campaign calling for endowments (and other institutional investors) to "immediately freeze any new investment in fossil fuel companies, and divest from direct ownership and any commingled funds that include fossil fuel public equities and corporate bonds within 5 years."

---

[1] The Financial Times Global 500 is an annual listing of the world's 500 largest companies, measured by market capitalization (share price multiplied by number of shares issued)
[2] https://www.cdp.net
[3] http://www.ceres.org
[4] http://www.unpri.org
[5] 350.org; As You Sow; Better Future Project; California Student Sustainability Coalition; Energy Action Coalition; Responsible Endowments Coalition; Sierra Student Coalition; Campus Student Groups

This campaign focuses on the top 200 coal, oil, and gas companies, as measured by their reserves. It is based on the premise that to avoid an increase in global average temperatures of more than 2°C, humanity cannot release more than 565 gigatons of carbon dioxide before 2050, which is about 20% of the carbon potential in known fossil fuel reserves (2,795 gigatons) – in other words, rendering 80% of known reserves "unburnable." Currently, financial analysts treat these reserves as assets in the valuations of the entities that control them. If 80% cannot be burned without catastrophic risks to society and therefore to institutions and individuals, current valuations of fossil fuel companies may be grossly inaccurate.

There are student-led fossil-fuel divestment campaigns on hundreds of campuses in the United States and abroad. The direct impact of divestment on stock prices and companies' capitalization is unclear and likely negligible; only a portion of endowment investments are in public markets, and only a portion of those are in fossil fuel companies. In general, proponents of divestment recognize that highly profitable fossil fuel companies are unlikely to stop extracting fossil fuels as a result of these shares being sold. They contend that drawing attention to this issue will highlight the moral implications as well as the financial, social, and environmental risks of investments in fossil fuel companies. By bringing into question the social license of fossil fuel companies, this strategy aims to build support for other interventions that will limit greenhouse gas emissions, such as regulation, legislation, and voluntary commitments.

Market Size and Growth

The growth of the sustainable investment field has been strong. The US SIF's *Report on U.S. Sustainable, Responsible, and Impact Investing Trends 2014* found that "total US-domiciled assets under management using SRI strategies expanded from $3.74 trillion at the start of 2012 to $6.57 trillion at the start of 2014, an increase of 76 percent." This represents a ten-fold increase (929% percent) since 1995 when US SIF first measured the market. The report shows that the number of funds incorporating ESG criteria continues to grow at a strong rate, with 260 in 2007, 493 in 2010, and 925 in 2014.[6]

Bloomberg reports that the number of its customers using ESG data has grown nearly 50 percent per year since 2009.[7]

[6] US SIF, 2014

[7] http://www.bloomberg.com/bsustainable/#customers-popup

Financial Performance

Sustainable investing can take many forms and, like any investment strategy, some will be better at implementation than others. Therefore, it is essentially impossible to make broad generalizations about the performance of sustainable investing, in the same way it is not possible to make definitive statements on whether equity investing or fixed income investing "outperform." It depends on many factors.

There is, however, increasing evidence that sustainable investing strategies can demonstrate strong performance, and do not require sacrificing returns.

A 2012 report from DB Climate Change Advisors found that 89 percent of research studies showed that companies with high ESG ratings exhibit market-based outperformance compared to industry peers.[8] Another 2012 report on an 18-year study (1993-2011) showed that 90 companies with strong sustainability policies outperformed a similar group of 90 companies with low sustainability standards, with a 4.8 percent higher annual above-market average return.[9] A 2010 report demonstrated how a portfolio of 151 SRI funds outperformed the MSCI World Index between 2002 and 2009.[10]

A 2014 report from KPMG finds that the trend to increasingly internalize both positive and negative "externalities" – costs and benefits of business activities that are external to the firm – can have significant impact on corporate earnings and value. For example, it found that in 2010 the full cost of the negative environmental externalities from the electricity sector was equivalent to 87% of the sector's EBITDA.

For details and links to these reports and related information, please see the "Financial Performance" section of "Selected Reports and Resources," below.

[8] DB Climate Change Advisors, 2012
[9] Eccles, Ioannis, and Serafeim, 2012
[10] Weber, Mansfield, and Schirrmann, 2010

Fiduciary Duty

Many trustees have raised questions regarding how sustainable investment strategies fit with their responsibilities as fiduciaries. Fiduciary responsibility compels trustees to be prudent in setting policies and guidelines and making investment decisions. As more performance data and track records of various sustainable investment strategies become available, fiduciaries are able to engage such strategies with increasing confidence.

Fiduciary responsibility also compels trustees to adapt to changing circumstances. As our scientific understanding of social and ecological megatrends improves, and as economic thought and accounting frameworks advance in the face of these new sustainability challenges, it is becoming increasingly clear that factoring ESG criteria into the investment analysis process can reveal material risks. The concept of "stranded carbon assets" for fossil fuel companies that has come into focus in recent years is but one example. Investments can be exposed to new types of risks related to regulation, litigation, reputation, resource scarcity, supply chain disruptions, and other market forces driven by sustainability challenges.

Further, for non-profit institutions, fiduciaries owe legal duties of obedience to the organization's mission and to the social purpose underpinning the organization's tax exempt status. As described in a recent Investor Alert from Reinhart Boerner Van Deuren s.c.:

> *The UPMIFA Drafting Committee advises in its Prefatory Note to the Act that "UPMIFA requires a charity and those who manage and invest its funds to... develop an investment strategy appropriate for the fund and the charity." The Committee also explains, "[The] decision maker must consider the charitable purposes of the institution and the purposes of the institutional fund for which decisions are being made."*[11]

In the fall of 2015, three significant publications reinforced the notion that sustainable investing strategies, properly pursued, are inline with fiduciary duty.

In September, PRI along wit UNEPFI, UNEP Inquiry and the UN Global Compact, published a report, "Fiduciary Duty in the 21st Century." It evaluated fiduciary duty across eight markets – US, Canada, UK, Germany, Brazil, Australia, Japan and South

[11] UPMIFA Drafting Committee Comment, section 3, as quoted in Johnson and Jackson, 2014.

Africa – and concluded that fiduciary duty is not an obstacle to action for asset owners interested in incorporating ESG factors into the investment decision-making process.

Also in September, the Internal Revenue Service issued Notice 2015-62, focused on private foundations making investments for charitable purposes.[12] The notice states:

> *When exercising ordinary business care and prudence in deciding whether to make an investment, 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, the lowest risks, or the greatest liquidity so long as the foundation managers exercise the requisite ordinary business care and prudence under the facts and circumstances prevailing at the time of the investment in making investment decisions that support, and do not jeopardize, the furtherance of the private foundation's charitable purposes.*

In October, the Department of Labor (DOL) issued Interpretive Bulletin 2015-01.[13] The Bulletin makes clear that "fiduciaries should appropriately consider factors that potentially influence risk and return" and that "environmental, social, and governance issues may have a direct relationship to the economic value of the plan's investment." The DOL states, "In these instances, such issues are not merely collateral considerations or tie-breakers, but rather are proper components of the fiduciary's primary analysis of the economic merits of competing investment choices."

For details and links to these reports and related information, please see the "Fiduciary Responsibility" section of "Selected Reports and Resources," below.

[12] https://www.irs.gov/irb/2015-39_IRB/ar13.html
[13] http://www.dol.gov/ebsa/newsroom/fsetis.html

SUSTAINABLE INVESTING OF COLLEGE AND UNIVERSITY ENDOWMENTS

College and university endowments in the United States have approximately $550 billion under management. In 2013, 157 out of 835 of respondents (18 percent) to the NACUBO-Commonfund Study of Endowments applied some sort of ESG criteria to portfolio holdings. Of these 157 institutions, 75 vote proxies consistent with their ESG criteria, and 109 have a formal institutional policy guiding ESG investing.[14]

Climate criteria illuminate investment risks while suggesting investment opportunities. Climate change is only one aspect of ESG investing considerations – other sustainability issues related to food, water, human rights, labor rights, and many others can also represent material risks and opportunities. However, there has been a surge in attention paid to climate change in recent years, as the magnitude and urgency of the challenge is so great, and it threatens to exacerbate so many risks. A 2013 report, **"Climate Change: Investment Risks and Opportunities for Higher Education,"** published by Second Nature,[15] identified three basic risk categories that climate change presents to investors:

1. **Physical risks** (climate change impacts such as storm intensity, extreme temperatures, and sea-level rise can disrupt activities and the profitability of investments).
2. **Regulatory and legal risks** (new laws aimed at reducing greenhouse gas emissions, such as carbon pricing schemes, can impact investments).
3. **Competitive and reputational risks** (some goods and services may see changes in demand as climate changes and, as the public's understanding of climate change improves, companies' positioning on the issue will have implications for their brand).

The report lays out four steps for fiduciary boards to utilize in addressing climate risks and opportunities:

[14] http://www.nacubo.org/Documents/EndowmentFiles/2013NCSEPressReleaseFinal.pdf
[15] http://www.secondnature.org/sites/default/files/resources/RiskPaper-final.pdf

1. Assessing the risks climate change poses to individual investments and the portfolio as a whole, and clarifying governance structures for who is responsible for considering climate risk and developing policy statements.
2. Changing investment practices to reduce risks and take advantage of opportunities associated with climate change. Actions include engaging with companies on key issues, reducing energy consumption in real estate portfolios, and investing in strong performers in the clean technology space.
3. Engaging with and learning from other investors, by sharing best practices and participating in national and international networks (such as the INCR, PRI, CDP) that can leverage collective action for systemic change.
4. Engaging in public policy issues by supporting efforts to improve corporate disclosure of climate risks and to enact legislation to reduce economy-wide climate risk.

College and university endowments have increased their focus on sustainability investing over the past three years, in large part as a result of student campaigns calling for fossil fuel divestment (described above).

In 2015, the Responsible Endowments Coalition, the Service Employees International Union, and the Croatan Institute published a toolkit: **"Action on Climate: A Practical Guide for Fiduciaries."**[16] The guide explores various interconnected approaches to climate change that investors can take, such as: integrating climate change into investments, reducing a portfolio's carbon intensity, investing in climate solutions, divestment, shareholder engagement, and engaging with policymakers. It provides an overview of the issues and a six-step process for governance and decision-making:

1. Be clear about your mission as an organization and an investor
2. Specify your objectives and your investment beliefs
3. Understand your climate change exposure
4. Analyze options and decide on the mix that best meets your objectives
5. Implement your plan
6. Monitor and evaluate the outcomes

[16] http://croataninstitute.org/publications/publication/action-on-climate

Below is a sample of college and university Investment Policy Statements that include sustainable investing elements, as well as schools involved in some of the leading sustainable investing initiatives:

Investment Policy Statements:

- Hampshire College: http://goo.gl/B02aj1
- San Francisco State University: http://goo.gl/8VRp6A
- Simon Fraser University: http://goo.gl/Sv1SwL
- Stanford University: http://goo.gl/KwfRUR

Endowments that have joined PRI:

- Harvard University (USA)
- Simon Fraser University (Canada)
- University of California System (USA)
- University of Edinburgh (UK)
- University of Ottawa (Canada)
- University of St. Andrews (UK)

Endowments that have joined CDP:

- Colorado College (USA) *Climate, Water, Forests & Carbon Action*
- Harvard University (USA) *Climate*
- The New School (USA) *Climate, Water, Forests & Carbon Action*
- Unity College (USA) *Climate, Water & Forests*
- University of California System (USA) *Climate, Water, Forests & Carbon Action*
- University of Edinburgh Endowment (UK) *Climate & Water*
- University Superannuation Scheme (UK) *Climate & Water*
- University of Sydney Endowment Fund (Australia) *Climate*
- York University Pension Fund (Canada) *Climate & Water*

Endowments that have joined INCR:

- Brown University
- Stanford University
- Swarthmore College
- University of California System
- University of Vermont

EXAMPLES OF APPROACHES TO MOVING TOWARD INTENTIONALLY DESIGNED ENDOWMENTS

HAMPSHIRE COLLEGE

Amherst, MA | President Jonathan Lash | Endowment: $40 million

Hampshire College first adopted an SRI policy in the 1970s, and approved a new policy on ESG investing for its endowment in December 2011. Under the policy, Hampshire College favors investing in businesses that emphasize:

1. Providing beneficial goods and services;
2. Pursuing research and development programs that hold promise for new products of social benefit and for increased employment prospects;
3. Maintaining fair labor practices, maintaining a safe and healthy work environment;
4. Demonstrating innovation in relation to environmental protection;
5. Using their power to enhance the quality of life for the underserved segments of our society;
6. Encouraging local community reinvestment; and
7. Having a record of sustained support for higher education.

ESG Investing Policy Statement:
https://www.hampshire.edu/sites/default/files/shared_files/Hampshire_ESG_Policy.pdf

HARVARD UNIVERSITY

Cambridge, MA | President Drew G. Faust | Endowment: $37.6 billion

At Harvard University, a 2012 student referendum calling for divestment passed with 72 percent of the vote. This led to Harvard's administration to conduct a review of the possibility of divestment. Harvard ultimately decided not to divest its endowment and in October 2013 Harvard's president, Drew Faust, released a letter outlining Harvard's rationale for not divesting from fossil fuel companies (www.harvard.edu/president/fossil-fuels). Faust also noted, however, the need for Harvard to strengthen its approach to sustainable investment and addressing climate change.

In 2013, Harvard hired its first Vice President for Sustainable Investing, responsible for researching and understanding ESG issues related to the endowment. With regard to integrating ESG criteria into investment decision making, the Harvard Management Company's website states "as a long-term investor, HMC is naturally focused on environmental, social, and governance (ESG) factors that may affect the performance of our investments—now and in the future. Aligned with our mission to provide strong long-term investment results to Harvard University, we consider material ESG criteria, among many factors, to inform our investment analysis and decision-making processes."

In 2013, Harvard also established a Social Alternative Fund, managed separately from Harvard's endowment, which will be invested in a mutual fund that gives special consideration to social responsibility issues when making investments (http://alumni.harvard.edu/ways-to-give/social-alternative-fund). In April 2014, Harvard's endowment became a signatory to both the CDP and PRI, the first in the United States to do so.

MIDDLEBURY COLLEGE

Middlebury, VT | President Ronald D. Liebowitz | Endowment: $1.1 billion

Middlebury's endowment is pooled with 12 other institutions including Barnard, Dickinson College, Houston Endowment, Henry Luce Foundation, Rockefeller Brothers Fund, Smith College, Trinity College, and The University of Tulsa. Middlebury and several other members of this group have played a leadership role in establishing a sustainable investing alternative to the options offered by the investment managers.

In April 2010, the College established the "Sustainable Investments Initiative" ("SII") a sustainability tranche of the College's endowment to which donors concerned about sustainability within the endowment could contribute. Funds contributed are invested in investment vehicles that meet the College's criteria for being sustainable. Possible options are socially responsible mutual funds, venture capital funds focused on alternative energy, or investments with an asset manager that agrees to include sustainability criteria into their investment screening process. As of 2014, Middlebury has committed to allocating $50 million of its $1 billion endowment into the SII.

Middlebury underwent a formal process exploring divestment during the 2012-2013 academic year, and concluded there were too many unanswered questions to support divestment at that time, but that it would "increase significantly the amount of endowment directed toward ESG investments," according to an August 2013 statement from President Ronald Liebowitz (www.middlebury.edu/about/president/divestment).

AASHE STARS Endowment Credits:

- Committee on Investor Responsibility: 2 out of 2
- Sustainable Investment: 1.83 out of 4

PITZER COLLEGE

Claremont, CA | President Laura Skandera Trombley | Endowment: $134.3 million

In 2014, Pitzer College's Board of Trustees unanimously approved a Fossil Fuel Divestment-Climate Action Model, becoming the first higher education institution in Southern California to commit to divesting its endowment of fossil fuel stocks. Pitzer College's integrated Fossil Fuel Divestment-Climate Action Model proposed the following action items:

1. Divest virtually all of the college's endowment investments in fossil fuel stocks by December 31, 2014
2. Develop an ESG policy to guide endowment investment decisions
3. Create the Pitzer Sustainability Fund within the endowment to make environmentally responsible investments
4. Target a 25 percent reduction of the College's carbon footprint from current levels by the end of 2016
5. Establish a Campus Sustainability Taskforce to bolster on-campus measures to promote sustainability

SAN FRANCISCO STATE UNIVERSITY

San Francisco, CA | President Leslie E. Wong | Endowment: $65.4 million

In June 2013, San Francisco State University (SFSU) became the first public university and first school on the west coast to commit to divest immediately from coal and tar sands companies and start a formal process to look at fully divesting from the fossil fuel industry. SFSU issued the following statement on the university's decision:

> "The SF State University Foundation Finance and Investment Committee voted unanimously at its May 20, 2013 meeting to limit direct investments in fossil fuel companies. The SF State University Foundation Executive Committee also voted

unanimously at its May 23, 2013 meeting that the foundation would not directly invest in companies with significant production or use of coal and tar sands and that it would amend its Investment Policy Statement (IPS) to reflect this change."

In addition, per a request by SFSU President Leslie Wong, the Foundation Board convened a special committee to review its endowment's investment policy, identify all its fossil fuel investments, and make recommendations for future changes to the SFSU's investment policy in regards to divestment. In April 2014, by unanimous vote, the Foundation Board called for the following changes within five years of July 1, 2014:

- Continued divestment from direct ownership of companies with significant exposure to production or use of coal and tar sands;
- Careful monitoring of comingled funds to assess approximately the percentage of these investments in companies with significant exposure to production or consumption of coal and tar sands;
- The creation of a socially responsible portfolio option for donors who wish to opt-in to such an investment; all other donors will continue in the main portfolio;
- The creation of a carbon footprint for the portfolio which will be published yearly in conjunction with a separate carbon footprint for the entire campus;
- The public dissemination of this information and these methodologies so that other foundations, pension funds or investors may adopt all or part of our policies if they wish.

Investment Policy Statement: http://sfsufdn.sfsu.edu/content/investment-policy-pdf

UNIVERSITY OF CALIFORNIA

Oakland, CA | President Janet Napolitano | Endowment: $13 billion, Total Portfolio: $91 billion

The Office of the Chief Investment Officer of the Regents manages the University of California's retirement, endowment, working capital, and cash assets under the policies, guidelines, and performance benchmarks established by the Regents. The UC System provides its investment managers with general guidelines that determine its proxy votes. The UC Regents have two socially responsible policies that impact investment decisions for any investment held in their investment pools: (1) Regent Policy 6301: Policy to Exclude Securities of Companies Manufacturing Tobacco Products from Index Funds and to Continue Existing Exclusion from Actively Managed Funds (http://regents.universityofcalifornia.edu/policies/6301.html) and (2) Regents Policy 6302: Policy on Divestment of University Holdings in Companies with Business Operations in Sudan (http://regents.universityofcalifornia.edu/policies/6302.html).

In September of 2014, the University of California's president, Janet Napolitano, announced a series of measures with respect to sustainability, as it pertains to its endowment, including:

1. Allocate $1 billion over five years for direct investments in solutions to climate change;
2. Adhere to the United Nations-supported Principles for Responsible Investment (PRI), the largest university and the first public American university to do so;
3. Establish and implement a framework for sustainable investment with the goal of completion by the end of its 2014 fiscal year;
4. Integrate environmental, social and governance (ESG) factors as a core component of portfolio optimization and risk management; and
5. Evaluate all strategies for achieving ESG goals as soon as practical, including whether to use divestment.

AASHE STARS Endowment Credits:

- Sustainable Investment Policy: 0.25 out of 0.25
- Investment Disclosure: 0.25 out of 0.25

Sustainable Investment Framework: http://www.ucop.edu/investment-office/sustainable-investment

UNIVERSITY OF DAYTON

Dayton, OH | President Daniel J. Curran | Endowment: $518.2 million

In accordance with its affiliation with the Catholic Church and adherence to Catholic values, University of Dayton's policy is to avoid investments in weapons and defense, healthcare research involving stem cells, and addictive substances such as alcohol and tobacco.

In June of 2014, the board of trustees unanimously approved a new investment policy, which reflects the University's commitment to environmental sustainability, human rights and its religious mission. At the time, about 5 percent of Dayton's investment pool lies in fossil fuel stocks. The university targeted about 200 of the largest fossil fuel companies, from the Carbon Tracker 200 list, in which to divest. Dayton has begun the process of divesting from domestic equity accounts. The school plans to have a second stage in which it would pull out of their international holdings, while seeking new investment opportunities in more sustainable technologies. The school plans to have a full-scale review of their divestment decision and its progress, scheduled to occur 18 months from their original announcement, in December of 2015.

AASHE STARS Endowment Credits:

- Student-Managed Sustainable Investment Fund: 0.25 out of 0.25
- Sustainable Investment Policy: 0.25 out of 0.25

YALE UNIVERSITY

New Haven, CT | President Peter Salovey | Endowment: $25.6 billion

In 2012, a student campaign began seeking the divestment of Yale University's endowment from fossil fuel companies, leading to Yale's administration to review the option. In a letter issued by president Peter Salovey, Yale announced that it would not divest its endowment from fossil fuels, but would instead focus on engagement of companies through proxy voting and outreach to its external investment managers (http://sustainability.yale.edu/planning-progress/president).

In September 2014, Yale's Chief Investment Officer, David Swensen, sent a letter to Yale's investment managers requesting that they assess the greenhouse gas footprint of prospective investments, noting that "full accounting of the internal and external costs of greenhouse gas emissions will call into question the business models of some investments." He also asked managers to discuss with company management the financial risks of climate change. He explained, "while divestment is a blunt tool, considering the economic costs of greenhouse gas footprints is more subtle, influencing in a positive or negative fashion the risk and return profile of every investment position, existing and potential." Swensen was quoted in a Yale Daily News article (http://goo.gl/ZzU3Yo) saying, "the bottom line is that if Yale's managers do not act in a manner that is consistent with the University's goals, Yale will terminate the relationship."

The CCIR adopted a proxy voting guideline on climate change that asserts Yale will generally vote in favor of shareholder resolutions seeking:

1. Disclosure of greenhouse gas emissions,
2. Analyses of the impact of climate change on a company's business activities,
3. Strategies designed to reduce the company's long-term impact on the global climate,
4. Company support of sound, and effective governmental policies on climate change.

CCIR statement on divestment:
http://secretary.yale.edu/sites/default/files/files/CCIR%20Statement.pdf

POSSIBLE OPTIONS FOR COLLABORATIVE SUSTAINABLE INVESTMENT INITIATIVES AMONG ENDOWMENTS

Higher education must play a key leadership role if we are to create a sustainable society. Engaging capital markets is an important part of this leadership. Below are some possible ways to support all of higher education in aligning endowment investments with institutional mission, values, and sustainability goals. They assume a coordinated effort among a variety of institutions from the higher education, non-profit, government, and private sectors.

1) Catalyzing Broader Understanding of Intentionally Designed Endowments

Research and Communication on how Sustainable Investing Relates to Higher Education Leadership

Analyze how sustainable investing is part of a holistic approach to education, research, operational practice, and community outreach to demonstrate sustainability and prepare future graduates for success.

Research and Communication on the Impact of Endowment Investments

Conduct research on how college and university endowments are handling ESG issues. Partner with research groups (academic and/or consultants) to measure the carbon footprint and ecological footprint of endowment portfolios, and articulate the data in effective ways to inform college and university presidents, chief financial officers, Board investment committee members, endowment officers, students, and alumni.

Convening of Key Stakeholders

Convene small meetings with key administrators, trustees, and investment managers and advisors from three to five endowed institutions. Hold one-day events with facilitated conversations on the basics of sustainable investment theory, the state of the field, and compelling questions for groups to explore and share expertise. Hold additional regional and national Intentionally Designed Endowment Forums.

Engagement of Higher Education Associations
Engage with national and regional presidential associations, AGB, NACUBO, and other higher education organizations on intentionally designed endowment discussions and educational efforts. Leverage several vehicles for engagement, e.g., sessions at regional and national meetings, webinars, white papers, articles in publications, and specialty workshops.

Engagement of Private Sector and Academic Departments around Endowment Investing
Connect companies with business and economics students to explore how investors influence corporate actions, and how corporate sustainability reporting affects investment decision-making. Facilitate visits by corporate sustainability and investor relations professionals to campuses to discuss reporting and ESG (materiality, supply chains, risk, innovation, etc.) with students. Engage companies on their sustainability strategies to reduce risks and create opportunities that would benefit endowment investments.

Clearinghouse and Learning Network
Create and maintain an online clearinghouse of resources, trends, news, etc. related to intentionally designed endowments for relevant stakeholders and facilitate peer-to-peer learning and collaboration on sustainable investing.

2) Catalyzing Action on Sustainable Investing

Sign-on Initiatives
Create a framework for institutional actions to promote intentionally designed endowments through a sign-on initiative that institutions can join. This could take a variety of forms, such as:

- "Declaration" – a statement of support for the importance of sustainable investing (akin to the Talloires Declaration[17] or possibly promoting an existing framework such as the UN Principles for Responsible Investing[18])
- "Challenge" – a series of benchmarks that institutions can sign up for in order to pursue intentionally designed endowments

---

[17] http://www.ulsf.org/programs_talloires.html
[18] http://www.unpri.org

- "Commitment" – a pledge to develop intentionally designed endowments (akin to the ACUPCC[19] with tangible public goals and reporting)
- "Promotion" – support existing initiatives such as the Investor Network on Climate Risk[20] and existing investor sign-on statements, such as the Global Investor Statement on Climate Change.

Expansion of Investment Vehicles to Support Intentionally Designed Endowments
Encourage collaboration by the investment, non-profit, and education sectors to provide greater opportunities for sustainable investing that will meet their needs, such as pooling investments with other sectors or other schools.

Campaigns to Influence Policy
Create a campaign for endowments to express support for policy changes in the regulation of financial industries (for example, strengthening and expanding the SEC's climate change disclosure guidance, or creating new guidance or requirements for analysts to incorporate ESG criteria into their evaluation and rating of companies).

Demonstration of the Demand for Sustainable Investment Products to the Investment Industry
Convene gatherings, release statements, or otherwise communicate the demand for sustainable products by endowed institutions to investment managers and advisors.

Alumni and Student Initiatives
Develop a campaign encouraging communication with students and alumni on their institutions' sustainable investing policies and endowment practices.

Direct Support to Institutions
Support institutions in developing investment beliefs and policies on intentionally designed endowments. Provide support in assessing the materiality of ESG risks to investment portfolios.

[19] http://presidentsclimatecommitment.org/
[20] https://www.ceres.org/investor-network/incr

SELECTED REPORTS AND RESOURCES

GENERAL TRENDS AND GUIDES

"The 21st Century Investor: Ceres Blueprint for Sustainable Investing" | Ceres, 2013: http://www.ceres.org/resources/reports/the-21st-century-investor-ceres-blueprint-for-sustainable-investing/view

"Investing in the Clean Trillion: Closing the Clean Energy Investment Gap" | Ceres, 2014: http://www.ceres.org/resources/reports/investing-in-the-clean-trillion-closing-the-clean-energy-investment-gap/view

"Commonfund Study of Responsible Investing" | Commonfund Institute, April 2015: https://www.commonfund.org/files/Marketing/ResponsibleInvestingStudy_FINAL3.pdf

"From SRI to ESG: The Changing World of Responsible Investing" | Commonfund Institute, September 2013: https://www.commonfund.org/InvestorResources/Publications/White%20Papers/Whitepaper_SRI%20to%20ESG%202013%200901.pdf

"Allocating Capital for Long-Term Returns" | Generation Foundation, May 2015 http://genfound.org/media/pdf-genfound-wp2015-final.pdf

"ICGN Model Mandate Initiative: Model contract terms between asset owners and their fund managers" | International Corporate Governance Network, 2012: http://goo.gl/2aBzBr

"Environmental, Social and Governance Investing by College and University Endowments in the United States: Social Responsibility, Sustainability, and Stakeholder Relations" | IRRC Institute and Tellus Institute, July 2012: http://www.irrcinstitute.org/pdf/FINAL_IRRCi_ESG_Endowments_Study_July_2012.pdf

"A New Vision of Value: Connecting Corporate and Societal Value Creation" | KPMG, September 2014 http://www.kpmg.com/Global/en/topics/climate-change-sustainability-services/Documents/a-new-vision-of-value-v1.pdf

“2013 NACUBO-Commonfund Study of Endowments” | NACUBO and Commonfund, 2013: http://www.nacubo.org/Research/NACUBO-Commonfund_Study_of_Endowments.html

“Building the Capacity of Investment Actors to Use Environmental, Social and Governance (ESG) Information” | Principles for Responsible Investment, March 2013: http://d2m27378y09r06.cloudfront.net/viewer/?file=wp-content/uploads/Capacity_Building_2013.pdf

“College Endowment Investment Trends & Best Practices: An Analysis of Sustainability, Tracking, Assessment, and Rating System (STARS) Data” | Sustainable Endowments Institute, 2014 http://www.endowmentinstitute.org/app/uploads/2014/09/SEI-College-Endowment-Investment-Trends-and-Best-Practices.pdf

"A revolution in equity investing: A deeper dive into nonfinancial data." | UBS Global Asset Management, July 2015: http://ow.ly/U9uu9

“2014 Report on Sustainable and Responsible Investing Trends in the United States” | US SIF, 2014: http://www.ussif.org/trends

“The Impact of Sustainable and Responsible Investment” | US SIF, September 2013: http://www.ussif.org/Files/Publications/USSIF_ImpactofSRI_Aug2013_FINAL.pdf

“Unleashing the Potential of US Foundation Endowments: Using Responsible Investment to Strengthen Endowment Oversight and Enhance Impact” | US SIF, 2014: http://www.ussif.org/files/Publications/unleashing_potential.pdf

The Responsible Endowments Coalition has a suite of free resources, guides, and case studies online relating to various aspects of sustainability investing for college and university endowments: http://www.endowmentethics.org/committees_resources

"Do the Investment Math: Building a Carbon-Free Portfolio" | Aperio Group, 2013: http://www.aperiogroup.com/system/files/documents/building_a_carbon_free_portfolio.pdf

"Action on Climate: A Practical Guide for Fiduciaries" | Croatan Institute, September 2015: http://croataninstitute.org/publications/publication/action-on-climate

"Stranded Carbon Assets: Why and How Carbon Risks should be Incorporated in Investment Analysis" | Generation Foundation, October 2013: http://genfound.org/media/pdf-generation-foundation-stranded-carbon-assets-v1.pdf

"Beyond Fossil Fuels: The Investment Case for Fossil Fuel Divestment" | Impax Asset Management, 2013: http://www.impaxam.com/media-centre/white-papers-and-briefing-notes/white-papers-and-briefing-notes/beyond-fossil-fuels-the-investment-case-for-fossil-fuel-divestment#

"The Other Reason for Divestment" | Litterman, Robert, Ensia, 2013: http://ensia.com/voices/the-other-reason-for-divestment/

"Responding to the Call for Fossil-fuel Free Portfolios" | MSCI ESG Research, December 2013: http://www.msci.com/resources/factsheets/MSCI_ESG_Research_FAQ_on_Fossil-Free_Investing.pdf

"Climate Change: Investment Risks and Opportunities for Higher Education" | Second Nature, December 2013: http://secondnature.org/sites/default/files/resources/RiskPaper-12.6_0.pdf

"Investing to Curb Climate Change: A Guide for the Institutional Investor" | US SIF, 2013: http://www.ussif.org/files/Publications/Institutional_Climate.pdf

"Fiduciary Duty in the 21st Century" | UN Global Compact, UNEP FI, PRI, UNEP Inquiry, September, 2015: http://2xjmlj8428u1a2k5o34l1m71.wpengine.netdna-cdn.com/wp-content/uploads/Fiduciary-duty-21st-century.pdf

"Interpretive Bulletin Relating to the Fiduciary Standard under ERISA in Considering Economically Targeted Investments" | Employee Benefits Security Administration, Department of Labor: https://s3.amazonaws.com/public-inspection.federalregister.gov/2015-27146.pdf

"A Legal Framework for the Integration of Environmental, Social and Governance Issues into Institutional Investment" | Freshfields Bruckhaus Deringer, October 2005 (Produced for the Asset Management Working Group of the UNEP Finance Initiative): http://www.unepfi.org/fileadmin/documents/freshfields_legal_resp_20051123.pdf

"Values and Value: University Endowments, Fiduciary Duties, and ESG Investing" | Gary, Susan N., University of Oregon - School of Law, August 20, 2015 http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2656640

"Is It Prudent to Be Responsible? The Legal Rules for Charities that Engage in Socially Responsible Investing and Mission Investing" | Gary, Susan N., Northwestern Journal of Law and Social Policy, Winter 2011: http://scholarlycommons.law.northwestern.edu/njlsp/vol6/iss1/3/

"Evolving Fiduciary Duty of Foundations and Endowments" | Johnson, Keith L. and Megan K. Jackson, Reinhart Boerner Van Deuren s.c., November, 2014 http://www.reinhartlaw.com/Documents/RIIS_20141119FINAL.pdf

IRS Notice 2015–62, "Investments Made for Charitable Purposes" | Internal Revenue Service, September, 2015: https://www.irs.gov/irb/2015-39_IRB/ar13.html

"The Time Has Come for a Sustainable Theory of Fiduciary Duty in Investment" | Jay Youngdahl, Hofstra Labor & Employment Law Journal, 2012: http://hausercenter .org/iri/wp-content/uploads/2010/05/Youngdahl-Hoftra-Law-Journal.pdf

"Sustainable Investing: Establishing Long-Term Value and Performance" | DB Climate Change Advisors, June 2012: https://www.dbadvisors.com/content/_media/Sustainable_Investing_2012.pdf

- *Found that 89% of research studies showed that companies with high ESG ratings exhibit market-based outperformance compared to industry peers.*

"The Impact of Corporate Sustainability on Organizational Processes and Performance" | Robert G. Eccles, Ioannis Ioannou, George Serafeim, Harvard Business School, July 2013: http://www.hbs.edu/faculty/Publication%20Files/12-035_a3c1f5d8-452d-4b48-9a49-812424424cc2.pdf

- *18-year study (1993-2011) showing that 90 companies with strong sustainability policies outperformed a similar group of 90 companies with low sustainability standards, with a 4.8 percent higher annual above-market average return.*

"Alpha from Sustainability" | SAM Research, Robeco Quantitative Strategies, 2011: http://www.robecosam.com/images/Alpha_from_Sustainability_e.pdf

- *Found that between 2001 and 2010, a portfolio of sustainability leaders in a group of more than 450 companies outperformed by 1.74 percent annually, and weak sustainability performers underperformed by 1.87 percent annually.*

"Sustainability: Opportunity or Opportunity Cost? Applying ESG Factors to a Portfolio does not Negatively Impact Performance and May Enhance It" | RCM Sustainability White Paper, 2011: https://www.allianz.com/media/responsibility/documents/rcmsustainabilitywhitepaper2011.pdf

- *Found that a portfolio of top quintile best-in-class ESG companies outperformed the MSCI World Equal Weighted Index by 1.7 percent while the worst-in-class portfolio underperformed by 1.0 percent.*

"The Financial Performance of SRI Funds Between 2002 and 2009" | Olaf Weber, Marco Mansfield, Eric Schirrmann, June 2010: http://ssrn.com/abstract=1630502

- *Shows that a portfolio of 151 SRI funds outperformed the MSCI World Index between 2002 and 2009.*

[21] Adapted from "The 21st Century Investor: Ceres Blueprint for Sustainable Investing." Ceres, 2013, p. 8

ORGANIZATIONS

Non-Profit Organizations – *the following is a* ***non-comprehensive*** *list of organizations involved with some aspect of sustainable investing issues.*

- **350.org** – international grassroots effort to raise awareness of the need to decrease carbon dioxide concentration in the atmosphere to 350 parts per million: www.350.org
- **As You Sow** – promotes environmental and social corporate responsibility through shareholder advocacy, coalition building, and innovative legal strategies: www.asyousow.org
- **CDP** – formerly the Carbon Disclosure Project, represents institutional investors to request information on carbon, forests, water, and supply chains from companies in order to provide investors with reports and data: www.cdp.net
- **Ceres** – advocates for sustainability leadership that mobilizes investors, companies, and public interest groups to accelerate the adoption of sustainable business practices: www.ceres.org
- **Commonfund** – institutional investment management firm serving the non-profit and pension investment communities, including a significant outsourced management practice for endowments: www.commonfund.org
- **Confluence Philanthropy** – a non-profit network of over 200 private, public, and community foundations, that works to enhance the ability of foundations to align the management of assets with organizational mission to promote environmental sustainability and social justice: www.confluencephilanthropy.org
- **Global Reporting Initiative** – provides a sustainability reporting framework to help companies measure and communicate sustainability performance information, with the mission of making sustainability reporting standard practice: www.globalreporting.org
- **Interfaith Center on Corporate Responsibility** – interfaith-based institutional investment center sponsoring shareholder resolution discussions and SRI; members include faith-based institutions, socially responsible asset management companies, unions, pension funds, and colleges and universities: iccr.org

- **International Integrated Reporting Council** – promotes integrated reporting of organizations' financials, sustainability performance, strategy, governance, and prospects, in the context of its external environment: www.theiirc.org
- **National Association of College and University Business Officers** – national membership association for chief financial officers and other business officers of colleges and universities: www.nacubo.org
- **Responsible Endowments Coalition** – organizes students, alumni, university administrators, and the larger community to challenge and pressure universities to invest their endowments more responsibly: www.endowmentethics.org
- **Second Nature** – works to make sustainability a strategic imperative for colleges and universities; is the supporting organization of the American College & University Presidents' Climate Commitment: www.secondnature.org
- **Sustainability Accounting Standards Board** – works to establish industry-based sustainability standards for the recognition and disclosure of material ESG impacts by companies traded on US exchanges: www.sasb.org
- **Sustainable Endowments Institute** – works to advance institutional responses to the climate crisis, focusing on sustainable use of endowment and operations assets; leads the Billion Dollar Green Challenge, encouraging campuses to establish "green revolving funds": www.GreenBillion.org
- **Sustainable Investments Institute** – conducts impartial research and publishes reports on organized efforts to influence corporate behavior on social and environmental issues: www.siinstitute.org
- **UN Principles for Responsible Investing** – international network of investors working together to put the six Principles for Responsible Investment into practice: www.unpri.org
- **US SIF** – The Forum for Sustainable and Responsible Investment – a US membership association for professionals, firms, institutions, and organizations engaged in sustainable and responsible investing: www.ussif.org

Investment Managers, Advisors, and Financial Services Firms – *the following is a **non-comprehensive** list of companies involved with endowment management and/or sustainable investing.*

- **Alternative Investment Group** – investment fund focused on smaller and early-stage hedge funds with the objective of delivering superior risk-adjusted returns, and an emphasis on sustainable investing: www.altinv.com
- **Aperio Group** – investment management firm focused on indexing strategies, including "socially responsive" indexing that customizes portfolios to meet clients' social, ethical, and governance standards: www.aperiogroup.com
- **Arjuna Capital** – the sustainable wealth management platform of Baldwin Brothers, Inc.: arjuna-capital.com
- **Boston Common Asset Management** – investment manager focused on sustainable investing: www.bostoncommonasset.com
- **Brown Advisory** – investment firm with sustainability focused portfolios, portfolio screening, and tailored impact portfolios: www.brownadvisory.com
- **Calvert Investments** – investment management company with SRI products and services for institutional investors: www.calvert.com/sri.html
- **Cambridge Associates** – a global investment advisor with a dedicated mission-related investing practice: www.cambridgeassociates.com
- **Green Alpha** – all-cap, multi-sector, global growth asset management firm focused on investing in solutions for the "Next Economy": greenalphaadvisors.com
- **Green Century Capital Management** – investment advisor of the Green Century Funds, founded by a partnership of environmental advocacy organizations; includes a fossil fuel free fund: greencentury.com
- **Impax Asset Management** – investment manager dedicated to investing in the opportunities created by the scarcity of natural resources and the growing demand for cleaner, more efficient products and services, through both listed and private equity strategies: www.impaxam.com
- **Imprint Capital** – investment advisor exclusively focused on impact investing with the intention to generate social and environmental impact alongside a financial return, recently acquired by Goldman Sachs: www.imprintcap.com

- **Kendall Sustainable Infrastructure** – investment manager focused on impact producing real assets, such as wind and solar energy projects with strong cash flows from long-term contracts: www.kendallinvestments.com
- **Mercer** – global investment consultant firm with a dedicated responsible investment team: www.mercer.com/articles/responsible-investments
- **Morgan Stanley Institute for Sustainable Investing** – an institute committed to investing $10 billion in impact investments and building the field of sustainable investing: www.morganstanley.com/sustainableinvesting
- **MSCI** – data provider that maintains a variety of ESG-related indices and provides research, analytics and ratings: www.msci.com
- **Parnassus Investments** - investment management company that considers ESG factors as part of the investment process in all of its funds: www.parnassus.com
- **Pax World Investments** – investment advisor offering a comprehensive platform of sustainable investing solutions, including separately managed accounts for institutional investors: www.paxworld.com
- **Perella Weinberg Partners** – advisory and asset management services firm, offering outsourced CIO services through its Agility platform: pwpartners.com
- **Prime Buchholz** – independent investment consulting firm with outsourced CIO offerings and sustainable investing expertise: www.primebuchholz.com
- **Saturna Capital** – investment manager with sustainable equity and bond funds seeking to invest in issuers with low ESG risks: www.saturna.com/
- **South Pole Group** – a comprehensive sustainability solutions company offering tools and advisory services related to investing in climate solutions, portfolio carbon footprinting, and ESG investing: www.thesouthpolegroup.com
- **Sustainalytics** – responsible investment research firm specialized in ESG research and analysis: www.sustainalytics.com
- **TerraVerde Capital Management** – fund of funds focused on green infrastructure investments in clean tech and renewable energy with a focus on sector hedge funds; fossil fuel free investing: terraverdecap.com
- **Trillium Asset Management** – ESG-focused asset manager with fossil fuel free portfolios: www.trilliuminvest.com
- **Trucost** – environmental data provider: www.trucost.com

- **UBS Asset Management** – a global asset management firm with a general approach to environmental and social factors and to corporate governance, across investment areas: www.ubs.com/global/en/asset_management
- **Walden Asset Management** – oldest institutional socially responsible investment manager; the SRI practice of the Boston Trust & Investment Management Company: www.waldenassetmgmt.com
- **Zevin Asset Management** – global investment management firm focusing stock selection on well-managed companies with sustainable business practices: www.zevin.com

ACKNOWLEDGMENTS

This Primer was originally developed by Georges Dyer, with input and feedback from the Steering Committee and Planning Team for the first Intentionally Designed Endowment forum in Cambridge, MA in April 2014:

Jonathan Lash, Hampshire College
Tony Cortese, Intentional Endowments Network
Dan Apfel, Responsible Endowments Coalition
Chris Davis, Ceres
David Dinerman, ZoMazz and Hampshire College
Ellen Dorsey, Wallace Global Fund
Georges Dyer, Intentional Endowments Network
David Hales, Second Nature
Mary Elizabeth Fahey, Hampshire College
Danielle Faris, Yellow Chair
Stewart Hudson, Audubon Connecticut
Peter Kinder, Independent Consultant
Amanda King, Bentley University
Alex Lamb, Ernst & Young, LLP
Michele Madia, Second Nature
Joanna Olin, Hampshire College
Mark Orlowski, Sustainable Endowments Institute
Jonathan Scott, Veritable, LP and Hampshire College
Barbara Simonetti, Meetings That Matter
Sue Tierney, Climate Works
Beth Ward, Hampshire College

Subsequent updates have benefited from feedback and edits by members of the Intentional Endowment Network Steering Committee (listed below) and support staff, including:

Peyton Jones, IEN Intern
Adam Philie, IEN Intern
Yvonne Vogt, IEN Intern
Talik Watson, IEN Fellow
Andrew Winslow, IEN Intern

CONTACT

Anthony D. Cortese, Sc.D.
Principal, Intentional Endowments Network
tony@intentionalendowments.org
617-549-4736

Georges Dyer, MSc
Principal, Intentional Endowments Network
georges@intentionalendowments.org
978-578-0282

INTENTIONAL ENDOWMENTS NETWORK STEERING COMMITTEE