



## **SOM'S INSIDE SCOOP: CAREERS IN SOCIALLY RESPONSIBLE INVESTING**

### **RELEVANT CLASSES – IN AND OUTSIDE SOM**

- **MGT 544:** Investment Management
- **MGT 869:** Banking and the Public Interest
- **MGT 949:** Private Equity Investing
- **MGT 528:** Public & Private Management of the Environment
- **F&ES 853:** Private Investment and the Environment
- **MGT 686:** Financial Markets and Environment Seminar

### **FACULTY**

- Brad Gentry (FES)
- Nat Keohane (SOM)

### **SECOND YEARS INTERESTED IN/WITH EXPERIENCE IN THE FIELD**

- Marc Hiller – Equator Principles (worked with HSBC)
- Anthony Allard

### **HELPFUL ALUMNI**

- Nick Brod (SOM)
- Parker Hobson (SOM)
- James Woody (SOM)
- Christine Bader (SOM) – BP (CSR & Equator Principles)
- Ramsay Ravenel (SOM/FES) – Marshall Street Management
- Kevin Tidwell (SOM/FES) – Global Environment Funds
- Erin Gray (SOM/FES) – Green Century

### **ORGANIZATIONS RECRUITING THROUGH THE CDO**

- Cherokee Investment Partners
- Commons Capital
- Green Century
- Winslow Management
- Investors Circle

## **ADDITIONAL POTENTIAL EMPLOYERS**

### *1. Focused on environmental/social issues:*

- Shoreline bank
- Wachovia
- Triodos
- State Street
- Domini Social Investments
- KLD Research & Analytics (research and benchmarks)
- Innovest Strategic Value Advisors
- Parnassus Investments
- Pax World Funds
- Calvert Group
- Trillium Asset Management Group
- Women's Equity Mutual Fund
- Sustainable Asset Management Group
- CALPERS (California Public Employees Retirement System)
- CALSTERS (California State Teachers Retirement System)

### *2. Focused on religious/moral criteria:*

- Amana Mutual Funds Trust
- Aquinas Funds
- Timothy Plan
- Christian Brothers Investment Services, Inc
- The Shefa Fund

## **PUBLICATIONS, PERIODICALS, WEBSITES**

<b>Organization</b>	<b>Website</b>
Social Venture Network	<a href="http://www.svn.org">www.svn.org</a>
FTSE4Good Index	<a href="http://www.ftse.com/ftse4good/index.jsp">http://www.ftse.com/ftse4good/index.jsp</a>
Dow Jones Sustainability Index	<a href="http://www.sustainability-indexes.com/">http://www.sustainability-indexes.com/</a>
REDF	<a href="http://www.redf.org">www.redf.org</a>
Sustainable Business	<a href="http://www.sustainablebusiness.com">www.sustainablebusiness.com</a>
Green Funds	<a href="http://www.Greenfunds.com">www.Greenfunds.com</a>
United Nations Environment Program Financial Initiative	<a href="http://www.unepfi.org">www.unepfi.org</a>
Social Investment Forum	<a href="http://www.socialinvest.org/">http://www.socialinvest.org/</a>

## **ADDITIONAL INFORMATION**. (source: Social Investment Forum)

### **A-Definition**

Integrating personal values and societal concerns with investment decisions is called Socially Responsible Investing (SRI). SRI considers both the investor's financial needs and an investment's impact on society. Social investors include individuals and institutions such as corporations, universities, hospitals, foundations, insurance companies, pension funds, nonprofit organizations, churches and synagogues.

Three key SRI strategies have evolved over the years: *Screening*, *Shareholder Advocacy*, *Community Investment* and *Social Venture Capital*. This guide contains information on each of these strategies and practical ways for all types of investors to get involved.

### 1. *Screening*

This describes the inclusion or exclusion of corporate securities in investment portfolios based on social or environmental criteria. Socially concerned investors generally seek to own profitable companies with respectable employee relations, strong records of community involvement, excellent environmental impact policies and practices, respect for human rights around the world, and safe and useful products. Conversely, they often avoid investments in those firms that fall short in these areas.

### 2. *Shareholder Advocacy (source co-op America)*

Shareholder advocacy or shareholder activism, describes the efforts of a growing number of investors to use their status as part-owners of companies to influence corporate behavior. Shareholder action is a powerful tool for encouraging corporations to improve their social and environmental records. Shareholder activists employ the following strategies:

- **Dialogues**

Often, the first step a coalition of investors will take to change corporate behavior is to request a dialogue with management on issues of concern. Individual investors often participate in the dialogue process by writing letters to corporate management in support of shareholder campaigns.

- **Shareholder resolutions**

If dialogues yield no progress, or if a company refuses to discuss issues with shareholders in the first place, concerned investors will often introduce shareholder resolutions, or written requests to company management. As owners of a corporation, shareholders have the right to participate in annual meetings—and to file resolutions to be voted on at these meetings. These resolutions can request reports from management or propose that the company consider changes in practices or policies. Here's where the power of the individual comes in: All shareholders who have held at least one share of company stock for around two months or more may vote on resolutions either in person at the company's annual meeting or via a proxy ballot that is mailed or e-mailed to all investors before the annual meeting. Proxy ballots arrive together with the proxy statement, which is a booklet that presents the details of the proposals that must come to shareholders for a vote. Proxy voting is the primary forum where management seeks affirmation of what it is doing, and where shareowners weigh in on important issues.

- **Divestment campaigns**

If dialogues and resolutions fail to get results, shareholders may divest, or sell off, their stock in the company in protest. Divestment campaigns were key in persuading corporations with a stake in South Africa to pull out of the country as a means of pressuring the government to abolish apartheid. Even the hint of a divestment campaign being launched against it can make a corporation sit up and take notice, as divestment represents a potential drop in share price and loss of revenue. However, divestment is used as a last resort of shareholders, since it signals an end to attempts to negotiate.

### 3. *Community Investment (source: community investing center)*

Community investing is capital from investors that is directed to communities underserved by traditional financial services. It provides access to credit, equity, capital, and basic banking products that these communities would otherwise not have. In the U.S. and around the world, community investing makes it possible for local organizations to provide financial services to low-income individuals, and to supply

capital for small businesses and vital community services, such as child care, affordable housing, and healthcare.

Community Investment Institutions (CIIs) can give priority to people who have been denied access to capital and provide them with opportunities to borrow, save, and invest in their own communities. In addition to supplying badly needed capital in underserved neighborhoods, CIIs provide important services, such as education, mentoring, and technical support. They also build relationships between families, nonprofits, small businesses, and conventional financial institutions and markets.

Community Investment Institutions (CIIs) are often referred to as Community Development Financial Institutions (CDFIs). While CDFIs are a key type of CII, we recognize a growing number of supporting activities and institutions that are helping to stimulate investment and provide services in lower-income or underserved communities. We have tried to standardize the use of CII, but sometimes the pages and resources on this website will use the term CDFI due to its acceptance in the community investment industry.

### **B- Historical (source: Green Century website)**

Religious investors are generally considered to be the first socially responsible investors. In the early days of investing, some churches kept investments out of "sinful" industries. In the 1960's and early 1970's, many religious institutional investors were looking to invest their money wisely for the future without abandoning their beliefs. Interest grew during the 1970's and 1980's when South African divestment greatly expanded the notion of SRI. A solution for investors was to analyze the companies in which they invested not only for financial performance, but for their social and environmental performance as well. Often, companies that had poor records on these issues were excluded, or screened, from consideration. Sometimes, entire industries were also excluded from investment if the operation of these industries violated the investor's principles. The tobacco industry was one of the first industries to be entirely excluded from some investors' portfolios. This type of screen is known as a negative screen because it excludes those companies that fail to meet an investor's criteria.

Over time, more and more mainstream investors chose to invest responsibly, as many people came to believe that investing responsibly was not only a moral imperative, but also a powerful tool for changing the world. Positive screens were created so investors could identify those companies that they wanted to support as well as those that they wanted to avoid. In addition to the selection of companies, some investors became more active owners of the companies in which they invested. These investors used shareholder advocacy to encourage corporations to change their ways.

Through the years, the responsible investing movement has continued to grow. The Social Investment Forum (SIF), an association of socially responsible investing firms and professionals, states that at the end of 2002 over \$2 trillion was invested according to some responsible investing criteria. According to SIF data, the industry continued to grow faster during 2001 and 2002 than mainstream investing channels, while the broader universe of professionally managed portfolios fell four percent.