

Guide to Social Responsible Investment (SRI) & Community Investing (CI)

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Whitman College

Walla Walla, WA

Oct., 2008

**Social Enterprise
ASSOCIATES**

About You

Intros. Let's hear from you:

- **Name**
- **Favorite Class**
- **Favorite Halloween Costume, ever**
- **Interest that brought you here today**

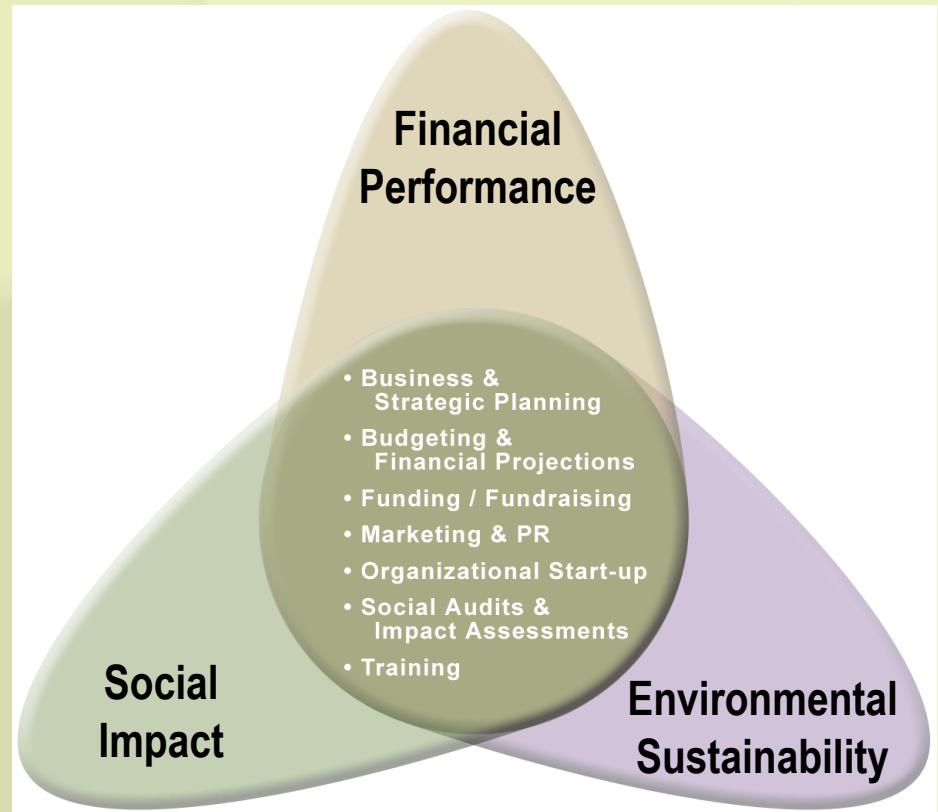
About Us

Social Enterprise Associates

Triple Bottom Line company.
A network of professionals making communities better by applying business skills & sustainable practices.

INTERNSHIPS AVAILABLE

www.socialenterprise.net



Drew Tulchin:

- 15 years prof. experience & MBA; 8 in SRI
- Written 50+ business & strategic plans; efforts have raised \$12 million+
- For Prisma Microfinance, biz plan winner Global Social Venture Comp; raised \$1.2 million in private equity

Outline

- Background & definitions
- Socially Responsible Investment (SRI) or Socially Motivated Investment (SMI)
- Community Investing (CI)
- Getting a Job in SRI field
- Discussion

Questions at any time

Background & Definitions

Definitions

Terminology

- Social Responsible Investment or Socially Responsive Investing (SRI)
 - I prefer Socially Motivated Investment
- Community Investing or Community Investment (CI)
- Triple Bottom Line: Financial, Social, Environmental
 - The 3 Ps: Profits, People, Planet
 - Double Bottom Line: Financial & Choose One
- CDFI Community Development Financial Institution
- MFI Microfinance Institution

Note: Profit is NOT a dirty word

SRI Defined

What is social responsible investing (SRI)?

The act of directing ones investments towards particular financial instruments and/or entities that encompass person/groups social and moral values.

What does social responsible investing achieve?

Enact behavior change or encourage a certain behavior within an organization/institution. Derive financial gains that also generate measureable social impact, community good, and/or environmental sustainability.

Language & Jargon

Investor Language	SRI Investor Language
Maximize Profit	Optimize the '3 P's': Profits, People & Planet
Bottom Line Results	Triple Bottom Line Results
Profitability	Performance
Language of returns	Language of returns, impact & sustainability



History

History

(SEE FAITH BASED INVESTING HAND-OUT)

Okay, Modern History at least:

WWI	Anti-War Investing: Quakers, Mennonites
1960's	Anti-Vietnam War Investing, Civil Rights Protests, Consumer Protection & Riots
1970's	Int'l Devel, CDCs (US), Inner City, Ralph Nader
1980's	Divestment from South Africa, 'Regular Products'
1990's	Green Product Explosion

Some Theory

Research Is (Mostly) Pro

Research on SRI, Corporate Social Respons. (CSR) & Environmental Social Governance (ESG) issues are positive for shareholders:

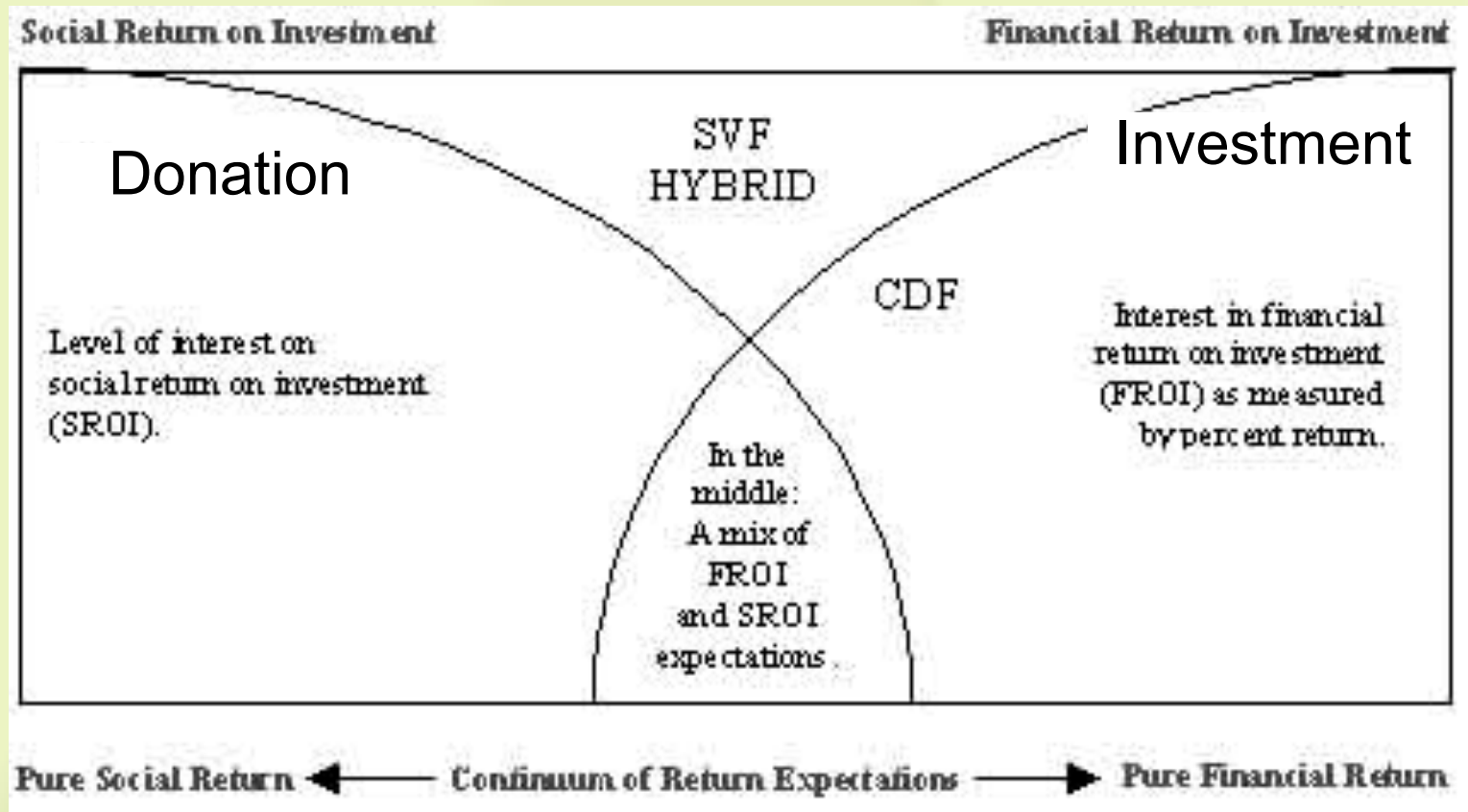
Indices now exist on it:

- Dow Jones' Sustainability Index
- FTSE Sustainability Index

17 studies of SRI: (Dow Jones, Moody's, Univ.)

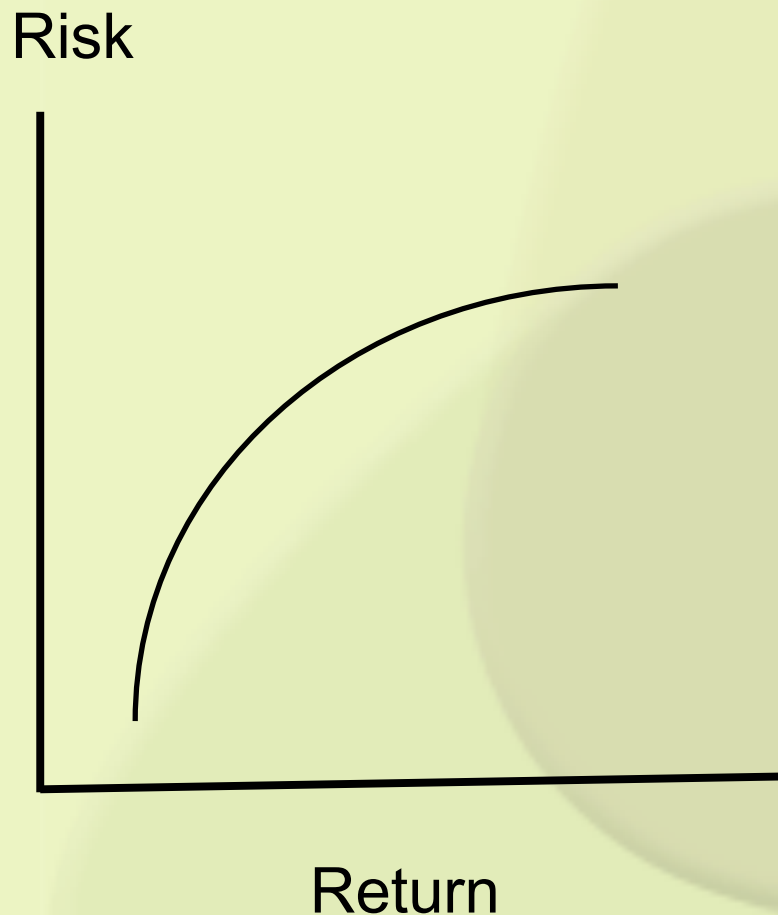
- 7 documented SRI > avg. market returns
- 7 showed no less than avg. market returns
- 3 claimed < avg. market returns

Intersection of Returns



The intersection between social & financial return

Yield Curve: Risk & Return

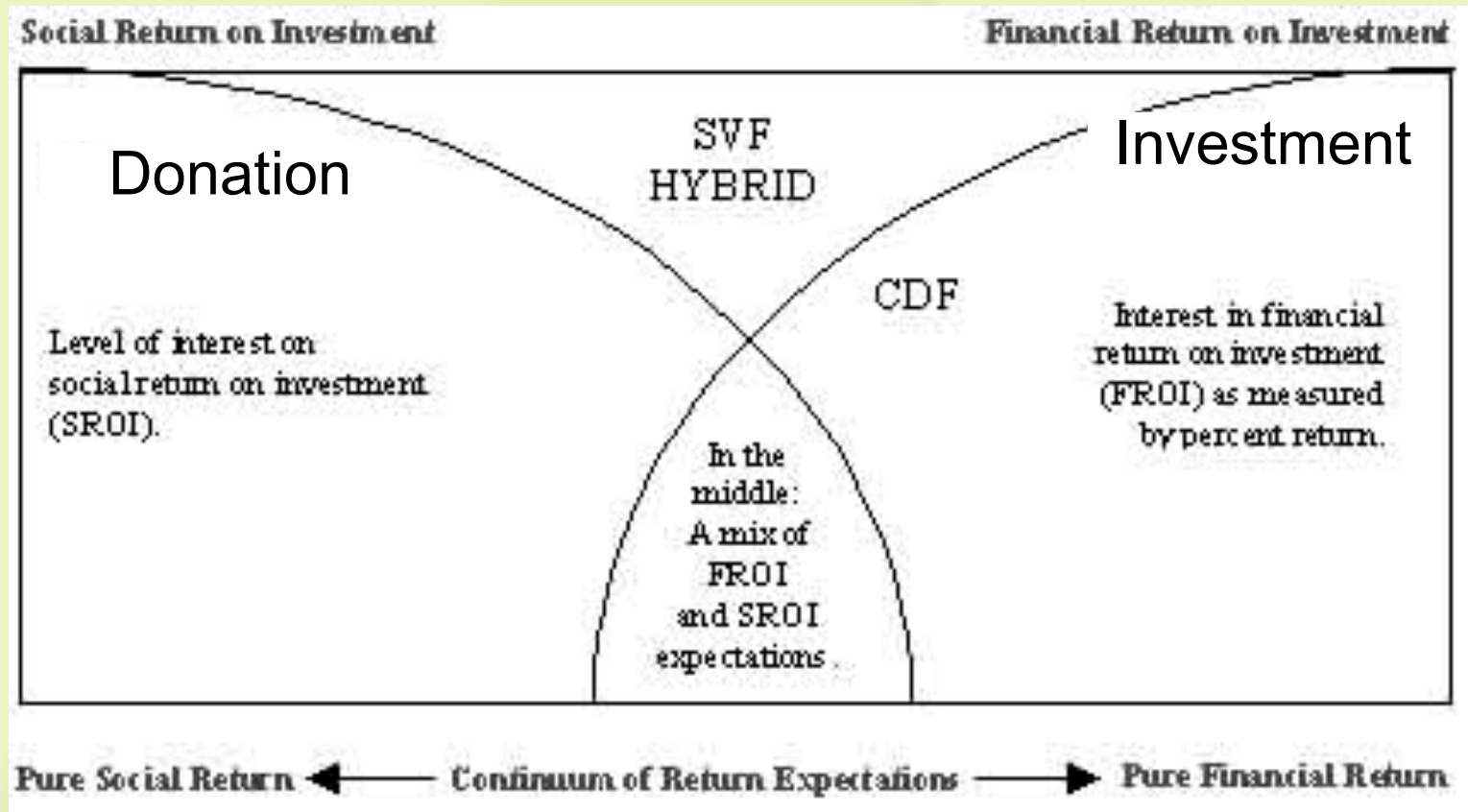


Typically, investment theory is that greater risk should = greater reward.

Greater risk, but take some of the reward as social return or non-to-you monetary value.

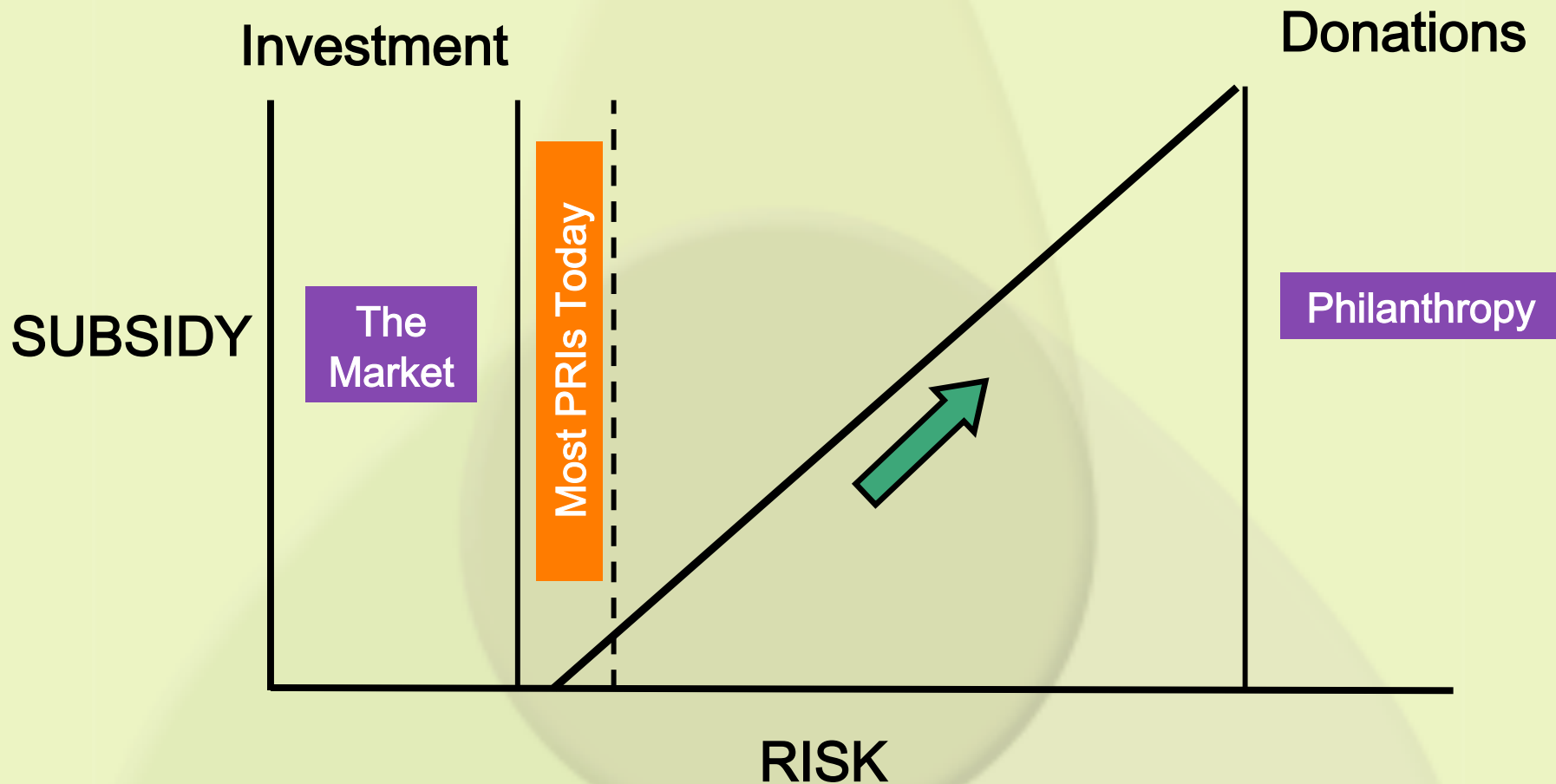
Low risk, but small, diverse deals = high transact costs

Intersection of Returns



The intersection between social & financial return

Continuum of Investment Risk



What is the optimal matching of risk & subsidy?

SRI

3 Legged Stool

- Screened Mutual Funds
- Shareholder Advocacy
- Community Investing

Screened Mutual Funds

Screened Funds

SEE HANDOUT

PARNASSUS INVESTMENTSSM



Social Funds

The largest personal finance site devoted
to socially responsible investing



Calvert Online

INVESTMENTS THAT MAKE A DIFFERENCE®

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Screened Fund

www.socialinvest.org/resources
/mfpc/screening.cfm

Social Investment Forum: SRI Mutual Fund Performance Charts - Internet Explorer provided by Dell

http://www.socialinvest.org/resources/mfpc/screening.cfm

Advancing socially and environmentally responsible investing

Socially Responsible Mutual Fund Charts: Screening & Advocacy

Screening: Social and environmental criteria considered in each fund's investment policy guidelines or practiced by the fund management. This chart denotes the most common screens applied by SRI mutual funds and more detailed information can be found in [Fund Profiles](#).

Financial Performance | **SCREENING & ADVOCACY** | Proxy Voting | Account Minimums | Fund Profiles

Download as PDF for Printing | View funds by type: All Funds

KEY:
 X No Investment
 P Positive Investment
 R Restricted Investment
 NS No Screens

Click fund name for details and contact information.

	Alcohol	Tobacco	Gambling	Defense/Weapons	Animal Testing	Products/Services	Environment	Human Rights	Labor Relations	Employment/Equality	Community Investment	Proxy Voting	Screening Details
Access Capital Strategies Community Investment Fund	NS	NS	NS	NS	NS	NS	NS	NS	NS	NS	P	X	+
AHA Balanced Fund - Institutional Class	NS	X	NS	NS	NS	NS	NS	NS	NS	NS	NS	<input checked="" type="checkbox"/>	+
AHA Diversified Equity Fund - Institutional Class	NS	X	NS	NS	NS	NS	NS	NS	NS	NS	NS	<input checked="" type="checkbox"/>	+
AHA Diversified Equity Fund - N Class	NS	X	NS	NS	NS	NS	NS	NS	NS	NS	NS	<input checked="" type="checkbox"/>	+
AHA Full Maturity Fixed Income Fund - Institutional Class	NS	X	NS	NS	NS	NS	NS	NS	NS	NS	NS	<input checked="" type="checkbox"/>	+
AHA Full Maturity Fixed Income Fund - N Class	NS	X	NS	NS	NS	NS	NS	NS	NS	NS	NS	<input checked="" type="checkbox"/>	+

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Windows Taskbar: Scott Bu..., Inbox - ..., iTunes, SROI Lit..., Microso..., RE: Trip ..., SRI - So..., Social In..., http://w...

Faith Based Investments

Faith Based Funds



Tzedec Fund





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Fair finance Fair trade
Sustainable Banking
Time To Make A Social Investment
INFO / VACANCIES

Oikocredit believes that poor people can build themselves a better life, if only given the chance, if only given credit.

As a [socially responsible investment](#) opportunity, we promote global justice by converting [investments](#) into [credits](#). We aim for high social impact and sustainable development.



Oikocredit worldwide

Choose a region

The Society of the Sacred Heart:
"The Society of the Sacred Heart is an international community of

Eduardo:
"My dream is to overcome the banana problem and increase my

Shareholder Activism

Shareholder Advocacy





Social Investment Forum

About Us

Our Work

Research & Tools

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Advancing socially and environmentally responsible investing

SRI in the Rockies
The 19th Annual
SRI in the Rockies Conference
October 26–29, 2008 • Whistler, British Columbia, Canada

- ◆ See SIF Letter to Congress on Pending Bailout Legislation
- ◆ 2007 Report on Socially Responsible Investing Trends in US
Streaming Audio Recording of Telenews Event

Key Research & Tools

For Individual Investors

Your investments can make a difference. Learn how and get started >

For Investing Professionals

Research and opportunities from the leading SRI membership organization >

SIF News & Press Releases

more >

- ◆ Social Investment Forum: Clean Energy/Green Technology Focus Growing in Mutual Funds, Other Investments 10/16/2008
- ◆ SRI in the Rockies to Honor SIF Members Meeting "1% or More in Community Campaign" Challenge 10/8/2008

Recent SRI News

more >

- ◆ Green Stocks Expected to Rebound in Wake of Financial Crisis 10/21/2008
- ◆ Sustainable Investment Strategies Earn Respect in Aftermath of the Financial Crisis 10/17/2008

Member Center

more >

New and popular for our members ...

- ◆ SRI Jobs Board
- ◆ Members-only email lists

www.socialinvest.org/projects/advocacy/resolutions.cfm

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Community Investing

Community Investing

Community investing is financing that creates resources and opportunities for economically disadvantaged people in the US and overseas who are underserved by traditional financial institutions.

Community Investing

Pro-Active

Fastest growing SRI component

Increase \$5.4 billion (1999) to \$25 billion (2007)


Goal of “1% or More in Community Campaign”

SIF members to push U.S. CI to \$30 billion by 2010

Examples:



International Microfinance, CDFIs, Community Banks,
Affordable Housing & More

SEE HANDOUT




Community Investing Center

A Project of the Social Investment Forum Foundation and Co-op America

Find Investments  About Us / Join 

OVERVIEW | IMPACT | FINANCIAL | FOR INVESTORS | NEWS | RESOURCES







Community Investing Creates Small Businesses

Get Started with Community Investing

You and your institution can have a social impact with your investments. Community Investing provides resources and opportunities for lower-income communities, along with competitive financial returns.

This website contains what you need to add Community Investments to your portfolio, and helps you choose from many high quality options in this expanding asset class.

-  [Learn More >>](#)
-  [Find Investments >>](#)
-  [For Individual Investors >>](#)
-  [For Financial Professionals >>](#)

FIND INVESTMENTS

Search our Community Investment Database to find investment options that work for you.

[Basic Search](#)

[Advanced Search](#)

For Optimal search results please enter no more than 3 search queries into the Community Investment Database.


[US Sub-Prime Mortgage Lending Crisis: Facts and Solutions \(Click to access our brand new fact sheet on this issue!\)](#)


HONOR ROLL

[Join](#) financial professionals and institutions that are part of the [1% or More in Community Investing Campaign](#)

A.J. Muste Memorial Institute

NEWS

 [SRI in the Rockies to Honor SIF Members Meeting the "1% or More in Community Campaign."](#) [CLICK HERE for press advisory.](#)

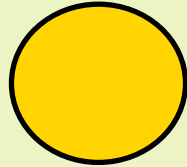
 **SEPTEMBER 8TH 2008 TELEPHONIC BROWNBAG PLAYBACK INSTRUCTIONS AND SUPPORTING MATERIALS:**

[NCIF Social Performance Metrics Presentation](#)

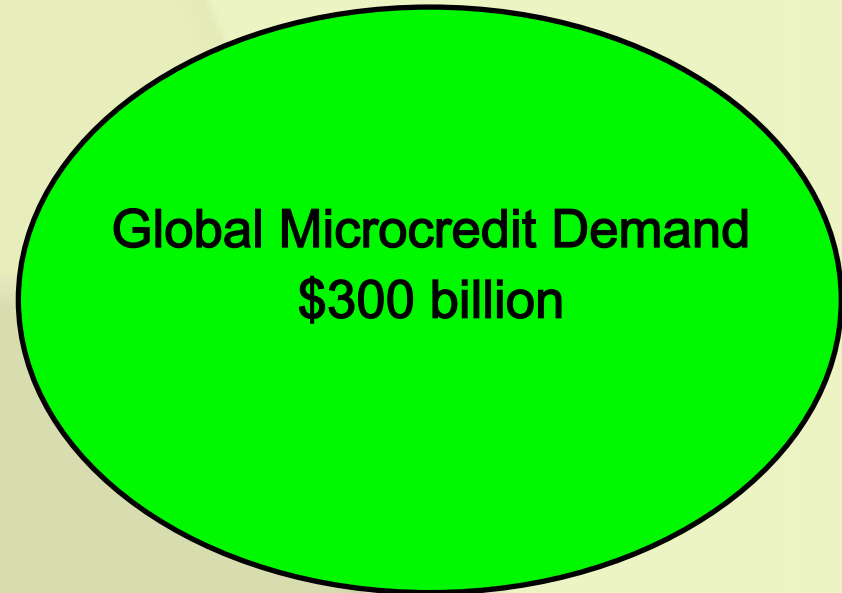
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International Microfinance

International Microfinance Market



Global Microcredit Supply
\$10 billion



Global Microcredit Demand
\$300 billion

Market Conditions

+/- 150 mill. clients

Avg. growth 30% a year last decade

< 10% of total demand met

10,000 MFIs worldwide; \$10 billion total current portfolio

Investment increasing. \$5 billion new money last 2 yrs

International Microfinance Today

+/- 150 million clients (depends on your definition)

80 million very poor

< 10% of total demand met

\$10 billion total current portfolio

Avg. growth 30% a year last decade

10,000 MFIs worldwide

Investment increasing. \$5 billion new money last 2 yrs

Websites



Create jobs,
build homes, and
change lives.

Calculate Your Impact

1. Select the investment amount: *

Select Amount

2. Select the term of investment: *

Select Term

3. Select a geographic area:

Any Geographic Area

and/or impact sector:

Any Impact Sector

Merrill Lynch Invests \$10 Million in Microfinance

This Note investment, designated as a Clinton Global Initiative, will benefit women around the world through microloans to start their own businesses.

Invest in Habitat

Habitat for Humanity International and Calvert Foundation launch the Habitat Investment Program, allowing investors to support Habitat as they make



Calvert Foundation in the News

[Help a Neighbor, Make a Little Money](#)
- *Baltimore Sun*, 10/19/08

[Winners Chosen for the Drucker Award for Nonprofit Innovation](#)
- *Market Watch*, 9/24/08

[Calvert Foundation Doubles Assets, Hits \\$200M Mark](#)
- *Washington Business Journal*, 9/12/08

[Microcredit Investments: Doing OK While Doing Good](#)
- *NuWire Investor*, 9/08/08



loans that change lives

LEND

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Lenders



What is Kiva?

Kiva lets you **lend** to a specific entrepreneur in the developing world - empowering them to lift themselves **out of poverty.**

Entrepreneurs



Impact This Week

3,444 new lenders joined.

New! Kiva Lending Teams!

Now you and a group of others can work together to make a difference as a team.

[Explore or create teams here.](#)

Latest Activity 3:39 pm PDT



Featured Entrepreneurs

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ESPERANCE Group

Senegal

Fish Selling

To enhance resources, notably fish, in the rural community of Palmarin (<http://www.sem-fund.org/palmarinfr.php>), the... [more >>](#)

\$25



LEND NOW

\$210
per entrepreneur

0% raised

[More Featured Entrepreneurs](#)



Our mission

BlueOrchard's mission is to empower the poor world-wide and to improve their quality of life by promoting income-generating activities through private investments in microfinance. [More...](#)



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BlueOrchard news & press releases

Major investment in the BlueOrchard Private Equity Fund by ABP

Pension fund ABP, one of the world's largest pension funds, has committed USD 75 million to the Private Equity Fund managed by BlueOrchard, the world's leading commercial microfinance investment manager.

Dexia Micro-Credit Fund receives LuxFLAG microfinance investment vehicle label again

The Luxembourg Fund Labeling Agency (LuxFLAG) renewed the label delivered in 2007 to the Dexia Micro-Credit Fund.

BlueOrchard Finance S.A offsets carbon emissions for 2007 in myclimate's

Bridging the gap

BlueOrchard provides innovative financial instruments and solutions for placements in microfinance, bridging the gap between capital markets and microfinance institutions. We generate profitable returns on investments while supporting the development of millions of promising small enterprises.

We believe in creating value through solid long-term relationships by providing debt and equity to microfinance institutions in all stages of their development. We share their mission to provide financial services to those who have few resources and are excluded from mainstream financial services. We regard our cooperation with them as the primary means to support financial and social integration worldwide. [Read more >>>](#)

[You are ...](#)



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Stuff to Look at Online

Prosper.com

MicroPlace

Fonkoze

The Mix Market

Community Banks

Shorebank's Eco-CD (WA)

Carver (NY)

Liberty (New Orleans)

Albina (OR)

Job Stuff

Jobs in SRI

Likely First Jobs

- Peace Corps/VISTA
- Admin. Support
- 'Backstopping'
- Banking: retail, investment, corporate
- Consulting
- Marketing & PR
- Fund-raising
- Technology

Skills

- Language, culture, int'l dev
- Write, speak, present
- Inter-personal skills
- Figure stuff out
- Project Management
- Specialize: get good at what others can't

Path to SRI Jobs

Path

- Direct

Get a job w/ an org directly

- Mainstream orgs.

Get a 'regular job' and then cross over

- Community Route

Work 'in the trenches', for a CI borrowing org, advocacy group, etc.

Challenge

- Few jobs; high competition
- You are inexperienced

- Might not go back
- Incubation strategy
- Change from w/in

- Don't always get right skills
- Become more activist

Discussion Question

For Discussion

Assume you have a triple bottom line ethic and interest:
Which will create 'more good':

- A) Going to work for an organization doing SRI from the beginning, and likely to get decent pay
- B) Working 'in the trenches' every day; donating what little you can above what is likely to be small income
- C) Going to work 'for the man', gaining serious skills that you can then bring back to 'our side' & earning the big bucks to have the resources to donate lots

For Discussion

Assume I have a 'regular' investment that provides a decent return of $x\%$ (let's say 10% for easy math), and an SRI investment in the same sector which is known to be 'a little lower' either due to more volatility or slightly lower returns. Which is better?:

- A) Get the SRI option no matter what, as long as it passes my due diligence and evaluation
- B) Get the regular investment and donate to charity double the difference between the two every year
- C) Buy the 'regular' investment, earn as much money as possible from it; then donate it to a worthy cause (also avoiding cap. gains tax on it)

Things You Can Do NOW

SEE HANDOUT

Educate

- Learn about the field. 1 million employees needed

Advocate

- Help to make things better in U.S. and worldwide.
MicroCredit Summit, AEO, CFED, NCRC
- 1% for Community Initiative

Invest / Donate

- Even small amounts count!
- Place your assets in community banks
- Use the products available

Volunteer / Intern

- Soc. Ent. Assoc. year-round options available
- U.S. domestic opportunities
- Microfinance Gateway, SIF, Idealist

Places To Learn More

Social Investment Forum

Community Investing

ICCR

Social Enterprise Associates

Co-op America

Guide to SR Funds

Individual Institutions: Century Funds, Calvert Foundation, Calvert Group, etc.

Thanks Q & A Discussion

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