
Report on US Sustainable,
Responsible and Impact
Investing Trends

2018



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Reflections on Sustainable, Responsible and Impact Investing in 2018

Sustainable and impact investing in the United States continues to grow and to make a difference. Investors now consider environmental, social and governance (ESG) factors across \$12 trillion of professionally managed assets, a 38 percent increase since 2016.

Asset management firms and institutional investors are addressing a diverse set of environmental, social and governance concerns across a broader span of assets than in 2016. Many of these money managers and institutions, concerned about racial and gender discrimination, gun violence and the federal government's rollbacks of environmental protections, are using portfolio selection and shareowner engagement to address these important issues.

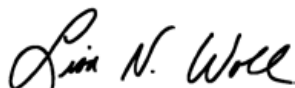
Meanwhile, a number of surveys show that individual investors, too, are interested in investing for positive impact. Financial advisors are also becoming aware of the need and opportunity to offer sustainable investment options to clients. Innovation and technology advancements, such as targeted investment products, robo-advisors, and big data and artificial intelligence, have driven further interest and growth in sustainable and impact investing.

We at US SIF are heartened by these developments, and encourage investment professionals to continue learning about sustainable, responsible and impact investing and to aim for best practice. US SIF's research and resources, including our *Roadmap Series* for advisors, asset managers and asset owners, and our online and live courses on the *Fundamentals of Sustainable and Impact Investment*, can assist in these efforts. We are pleased to partner with the College for Financial Planning in its launch this year of a Certified SRI Counselor designation.

The *Report on US Sustainable, Responsible and Impact Investing Trends 2018* is a resource that provides a wealth of information on broad trends as well as detailed data on specific investment vehicles, ESG criteria and investor engagement strategies. I encourage you to dig into the contents of this report and use it to advance your organization's work and the sustainable investment field.

Please visit www.ussif.org for more information on our work.

Sincerely,



Lisa Woll, CEO
US SIF and US SIF Foundation

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Executive Summary

Sustainable, responsible and impact (SRI) investing in the United States continues to expand at a healthy pace. The total US-domiciled assets under management using SRI strategies grew from \$8.7 trillion at the start of 2016 to \$12.0 trillion at the start of 2018, an increase of 38 percent. This represents 26 percent—or 1 in 4 dollars—of the \$46.6 trillion in total US assets under professional management.

Overview

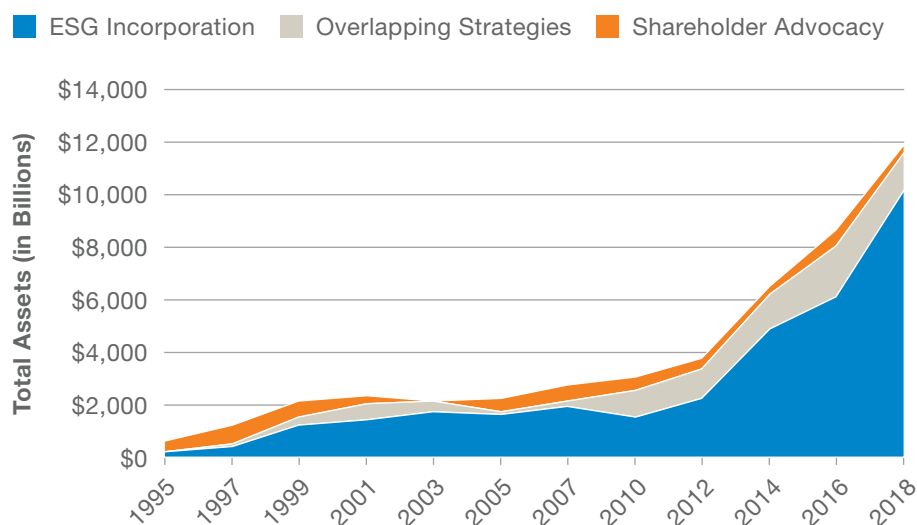
Since 1995, when the US SIF Foundation first measured the size of the US sustainable and responsible investment universe at \$639 billion, these assets have increased more than 18-fold, a compound annual growth rate of 13.6 percent. (See Figure A.)

Through surveying and research undertaken in 2018, the US SIF Foundation identified, as shown in Figure B:

- \$11.6 trillion in US-domiciled assets at the beginning of 2018 whose managers apply various environmental, social and governance (ESG) criteria in their investment analysis and portfolio selection, and
- \$1.8 trillion in US-domiciled assets at the beginning of 2018 held by institutional investors or money managers that

FIGURE A

Sustainable and Responsible Investing in the United States 1995–2018



SOURCE: US SIF Foundation.

filed or co-filed shareholder resolutions on ESG issues at publicly traded companies from 2016 through 2018.

After eliminating double counting for assets involved in both strategies, the net total of SRI assets at the beginning of 2018 was \$12.0 trillion.

FIGURE B

Sustainable and Responsible Investing Assets 2018

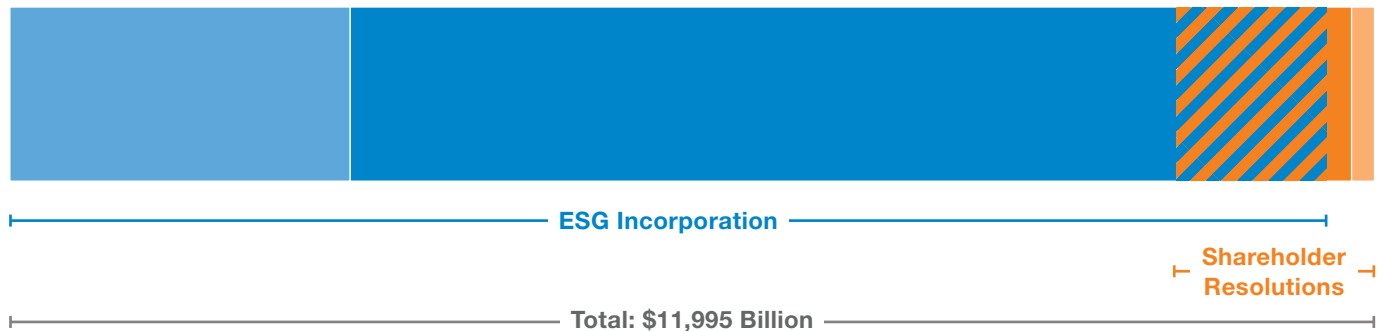
ESG Incorporation

- By Money Managers on Behalf of Individual/Retail Investors **\$3,032 Billion**
- By Money Managers on Behalf of Institutional Investors **\$8,601 Billion**

Overlapping Strategies
(**\$1,401 Billion**)

Filing Shareholder Resolutions

- Institutional Investors **\$1,561 Billion**
- Money Managers **\$202 Billion**



SOURCE: US SIF Foundation.

ESG Incorporation by Money Managers

The US SIF Foundation identified 365 money managers and 1,145 community investing institutions in 2018 incorporating ESG criteria into their investment analysis and decision-making processes. The \$11.6 trillion in assets under management they represent is a 44 percent increase over the \$8.1 trillion in ESG incorporation assets identified among money managers and community investing institutions in 2016.

Of this 2018 total:

- \$8.6 trillion were managed on behalf of institutional investors and \$3.0 trillion were managed on behalf of individual investors, as shown in Figure B,
- \$2.6 trillion—or 22 percent—were managed through registered investment

companies such as mutual funds, exchange traded funds, variable annuities and closed-end funds, as shown in Figure C,

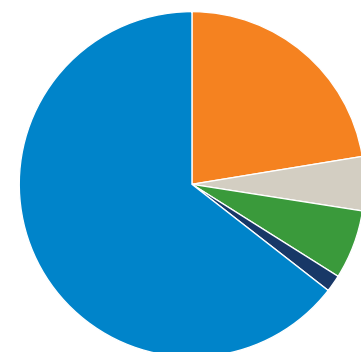
- \$588 billion—or 5 percent—were managed through alternative investment vehicles, such as private equity and venture capital funds, hedge funds and property funds,
- \$753 billion were managed through other commingled funds,
- \$185 billion were managed by community investing institutions, and
- the majority—\$7.5 trillion, or 64 percent—were managed through undisclosed investment vehicles, described here as “Uncategorized Money Manager Assets,” highlighting the limited nature of voluntary disclosures by money managers incorporating ESG criteria.

FIGURE C

Money Manager Assets, by Type, Incorporating ESG Criteria 2018

Total Net Assets (in Billions)

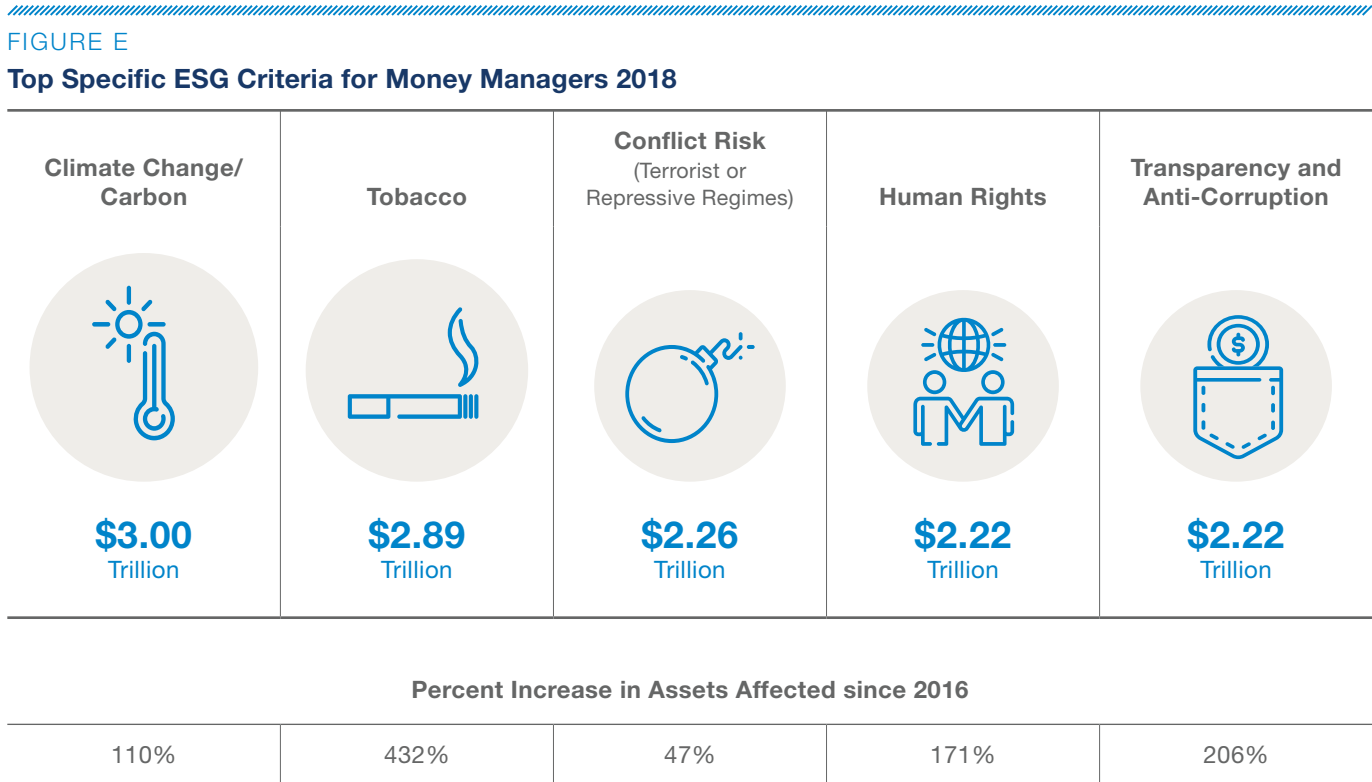
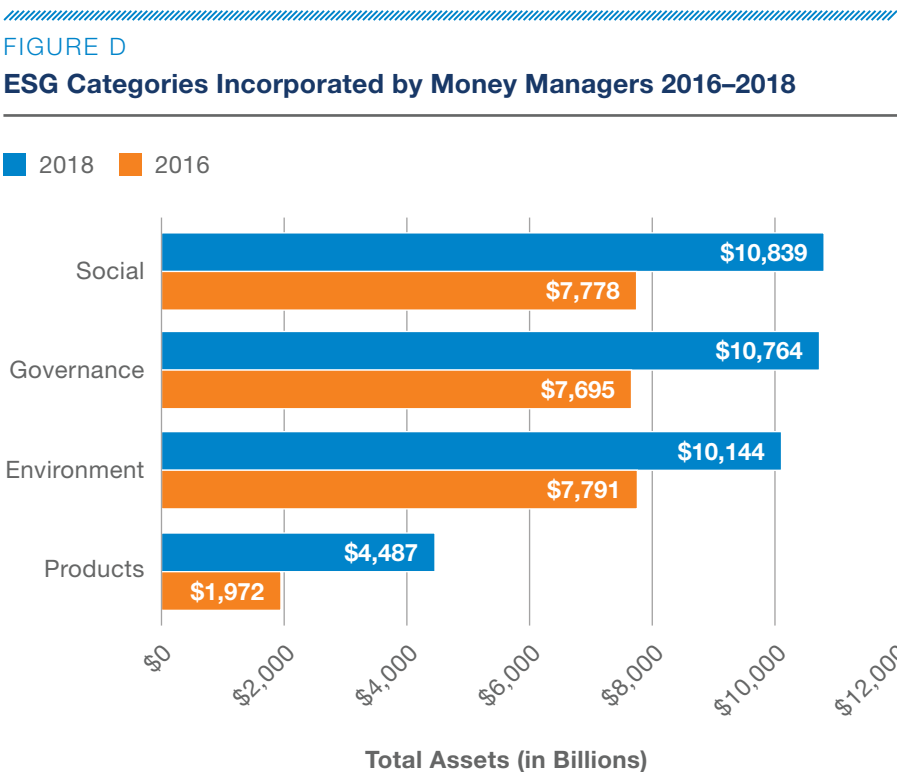
- Registered Investment Companies **\$2,608**
- Alternative Funds **\$588**
- Other Commingled Funds **\$753**
- Community Investment Institutions **\$185**
- Uncategorized Money Manager Assets **\$7,499**



SOURCE: US SIF Foundation.

In terms of assets, money managers as a whole incorporated ESG factors fairly evenly across environmental, social and governance categories, as shown in Figure D.

- Overall, in terms of the assets affected, money managers incorporated social factors slightly more than environmental and governance criteria. Social criteria incorporation by money managers increased 39 percent from 2016 to \$10.8 trillion.
- The largest growth over the past two years was in the product-specific category, at over 125 percent, from \$2.0 trillion to nearly \$4.5 trillion. **Tobacco**-related restrictions saw the greatest growth of any ESG criteria, increasing 432 percent from 2016 to \$2.9 trillion.

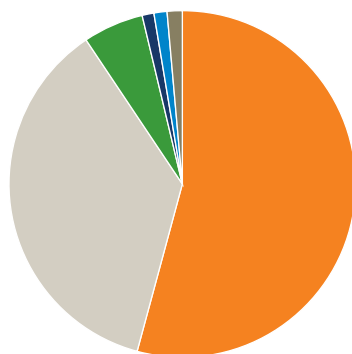
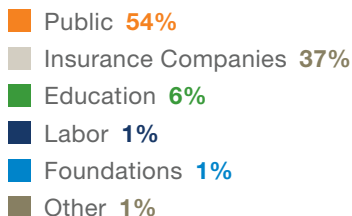


- However, **climate change** was the most important specific ESG issue considered by money managers in asset-weighted terms; the assets to which this criterion applies more than doubled from 2016 to 2018 to \$3.0 trillion, as shown in Figure E.
- **Conflict risk** was the leading social criterion at \$2.3 trillion assets under management, but assets managed with human rights criteria were next at \$2.2 trillion and experienced much larger growth from 2016.
- **Transparency and anti-corruption**, also affecting \$2.2 trillion in money manager assets, was the top specific governance criterion, with growth over 200 percent from 2016.
- Although not shown in Figure E, concern among money managers and their clients about civilian firearms was reflected in the fact that \$1.9 trillion in assets were subject to restrictions on investments in **weapons**, a nearly five-fold increase from 2016.

ESG Incorporation by Institutional Investors

In addition to money managers, the US SIF Foundation also conducted research on 496 institutional investors with \$5.6 trillion in ESG assets. Because money managers do not disclose information about their institutional clients, the data received from these institutional asset owners shows how and why they incorporate environmental, social and governance criteria into their investment analysis and portfolio selection. The group included institutional asset owners

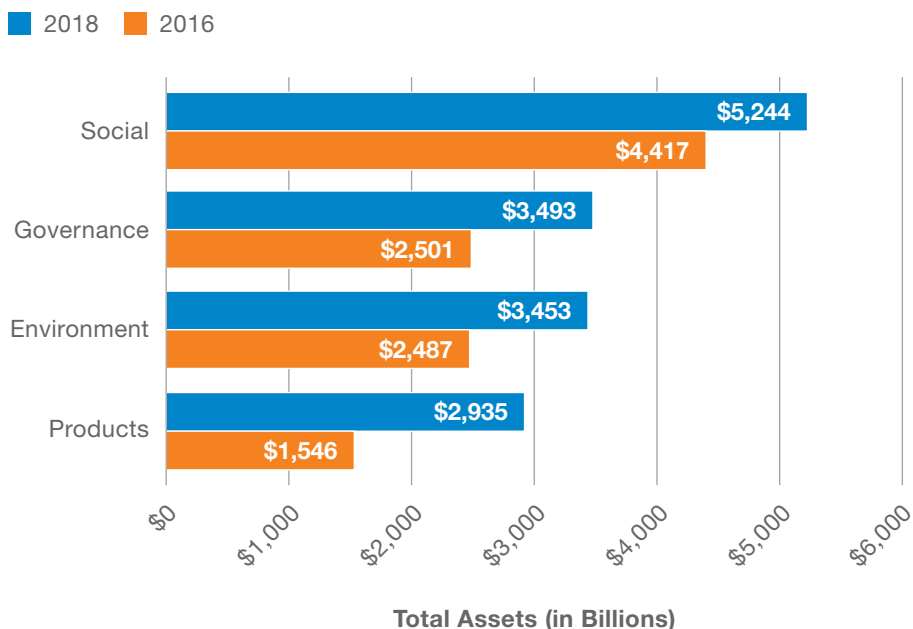
FIGURE F
Institutional Investor ESG Assets, by Investor Type, 2018



SOURCE: US SIF Foundation.

NOTE: Other consists of family offices, healthcare institutions, faith-based institutions and other nonprofits that collectively represent about 1 percent of ESG assets in 2018.

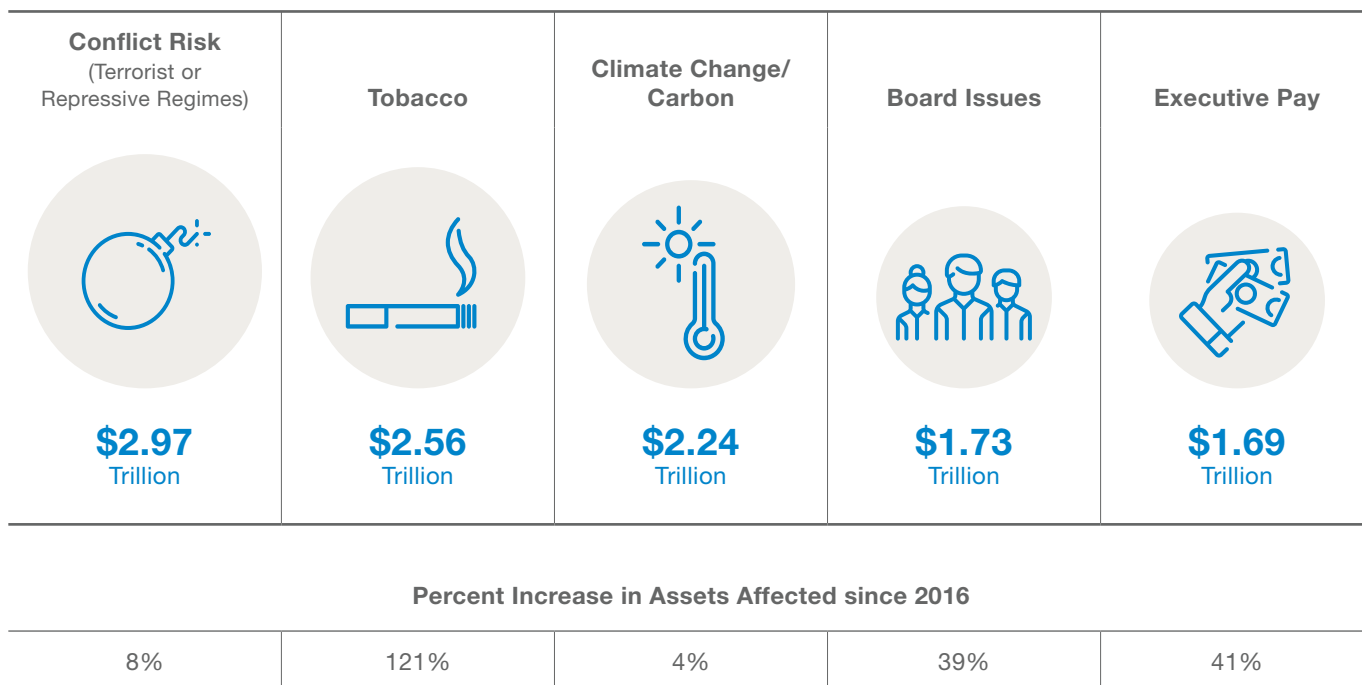
FIGURE G
ESG Categories Incorporated by Institutional Investors 2016–2018



SOURCE: US SIF Foundation.

FIGURE H

Top Specific ESG Criteria for Institutional Investors 2018



SOURCE: US SIF Foundation.

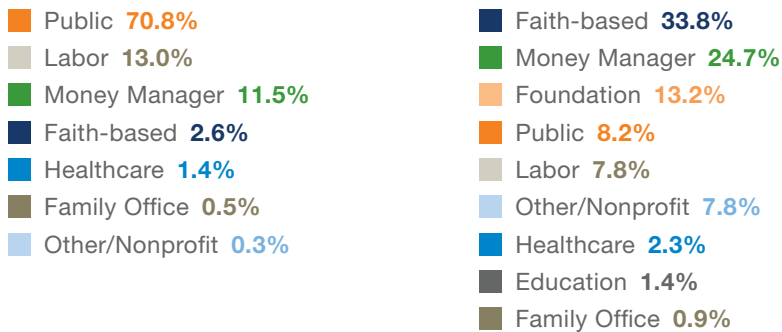
and plan sponsors such as public funds, insurance companies, educational institutions, philanthropic foundations, labor funds, hospitals and healthcare plans, faith-based institutions, other nonprofits, and family offices.

Of this \$5.6 trillion in institutional ESG assets:

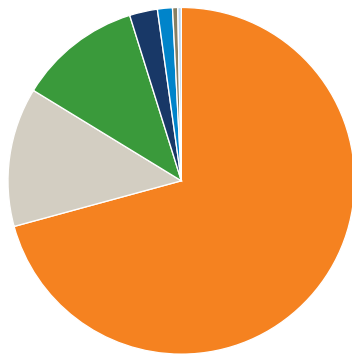
- Public funds represented the largest share (more than \$3.0 trillion), as shown in Figure F.
- Social criteria were applied to \$5.2 trillion (more than 93 percent), a 19 percent increase since 2016, as shown in Figure G.
- Investment policies related to **conflict risk** affected \$3.0 trillion, as shown in Figure H, making it the single most prominent ESG criterion, in asset-weighted terms.
- Similar to trends among money managers, **tobacco** saw some of the largest growth as a single ESG factor, at over 120 percent.
- Continuing a trend that began in 2012, criteria related to **climate change and carbon** emissions remained the most important environmental issue for these institutions, affecting \$2.2 trillion.
- Although not shown in Figure H, the most prominent social issue after conflict risk was **equal employment opportunity and diversity**, addressed in \$1.6 trillion of institutional assets, a 128 percent increase from 2016.
- Investment restrictions related to **weapons** now affect just over \$1.5 trillion in assets, a 78 percent increase since 2016.

FIGURE I

Types of Investors Filing Shareholder Proposals 2016–2018

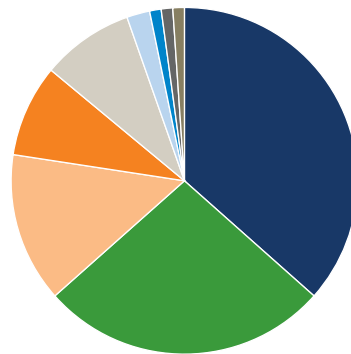


ESG Shareholder Proponents
2016–2018, by Assets



SOURCE: US SIF Foundation.

ESG Shareholder Proponents
2016–2018, by Number



Investor Advocacy

From 2016 through the first half of 2018, 165 institutional investors and 54 investment managers collectively controlling nearly \$1.8 trillion in assets at the start of 2018 filed or co-filed shareholder resolutions on ESG issues. (See Figure B.)

- As shown in Figure I, the faith-based institutions and money managers constituted the majority of these shareholder proponents, while public funds represented the largest share of assets involved.
- As shown in Figure J, the leading issue raised in shareholder proposals from

2016 through 2018, based on the number of proposals filed, was “proxy access.” Investors filed 353 proposals at US companies during this period to facilitate shareholders’ ability to nominate directors to corporate boards. As a result of the strong investor support for these proposals, the share of S&P 500 companies with proxy access policies grew from 1 percent in 2013 to 65 percent in 2017.

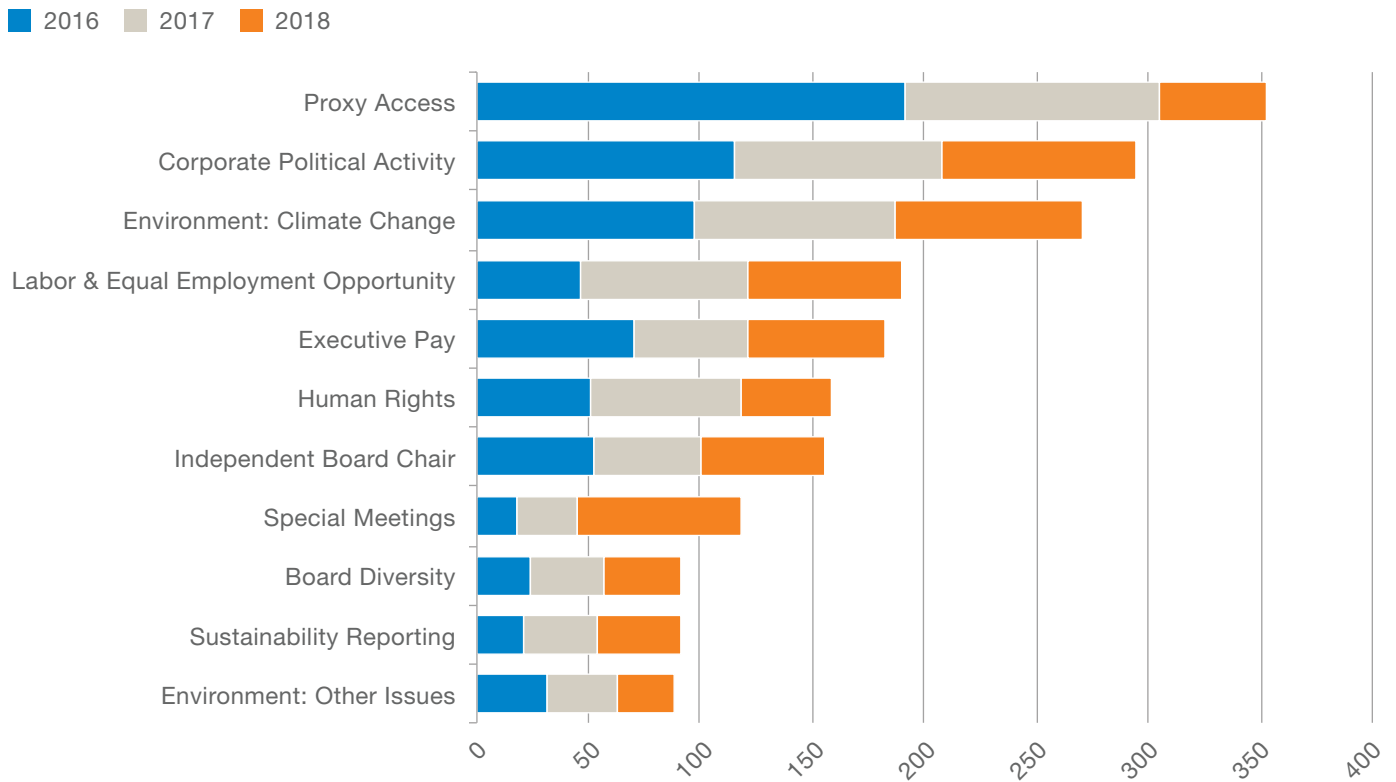
- Disclosure and management of corporate political spending and lobbying were also top concerns. Shareholders filed 295 proposals on this subject from 2016 through 2018. Many of the targets were companies that have supported lobbying

organizations that oppose regulations to curb greenhouse gas emissions.

- A surge in shareholder proposals on climate change that began in 2014, when investors wrestled with the prospects of “stranded” carbon assets and US and global efforts to curb greenhouse gas emissions, has continued: 271 proposals were filed from 2016 through 2018.
- The proportion of shareholder proposals on social and environmental issues that receive high levels of support has been trending upward. During the proxy seasons of 2012–2015, only three shareholder proposals on environmental and social issues that were opposed by management received majority support, while 18 such proposals received majority support in 2016 through 2018.
- Investors are increasingly engaging in ways other than filing shareholder resolutions. A subset of survey respondents, including 49 institutional asset owners with more than \$1 trillion in total assets and 88 money managers with \$9.1 trillion in assets under management, reported that they engaged in dialogue with companies on ESG issues. The extent of engagement reported by money managers has increased notably since 2016, when only 61 managers with \$6.9 trillion in assets reported that they engaged companies on ESG issues.

FIGURE J

Leading ESG Issues 2016-2018, by Number of Shareholder Proposals Filed

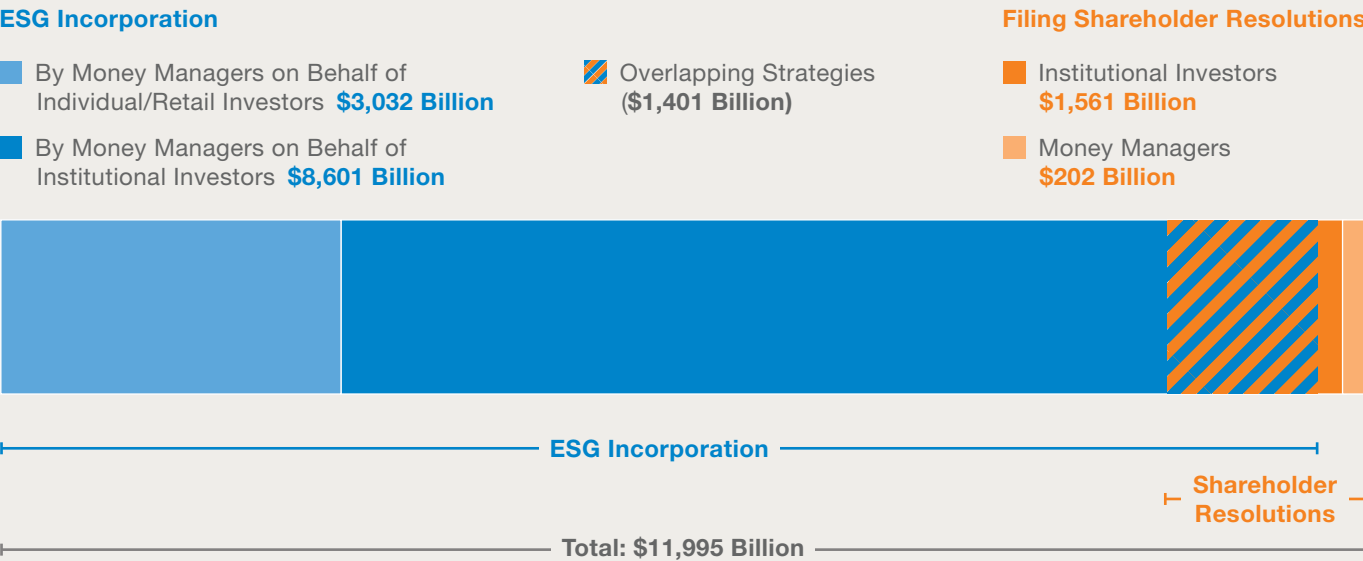


SOURCE: ISS, Sustainable Investments Institute.

NOTE: Data for 2018 show numbers of proposals filed for 2018 meetings through July 15, and all vote results known as of July 15.

I. Introduction

FIGURE 1.0
Sustainable and Responsible Investing in the United States 2018



SOURCE: US SIF Foundation.

Sustainable, responsible and impact investing (SRI) continues to grow rapidly in the United States. The institutions and individuals practicing one or more strategies of sustainable investment share a desire to achieve long-term competitive financial returns. They embrace SRI strategies to manage risk, fulfill fiduciary duties or generate social and environmental benefits. As a result, they consider environmental, social or corporate governance (ESG) issues as they make decisions about their portfolios or raise their voices as investors.

One-fourth of all investment assets under professional management in the United States—\$12.0 trillion out of \$46.6 trillion—are held by institutions, investment companies or money managers that either consider ESG issues in selecting investments across a range of asset classes, or file shareholder resolutions on ESG issues at publicly traded companies.

These findings are based on surveys and research that the US SIF Foundation commissioned in 2018. Through this research process, the Foundation identified:

- \$11.6 trillion in US-domiciled assets at the outset of 2018 held by 496 institutional investors, 365 money managers and 1,145 community investing financial institutions to which various

ESG criteria are applied in investment analysis and portfolio selection, and

- nearly \$1.8 trillion in US-domiciled assets at the start of 2018 held by 219 institutional investors or money managers that filed or co-filed shareholder resolutions on ESG issues from 2016 through 2018.

These two segments of assets, after eliminating double counting for assets involved in both strategies, yield the overall total of \$12.0 trillion (see Figure 1.0), a 38 percent increase over the \$8.7 trillion that the US SIF Foundation identified in sustainable investing strategies at the outset of 2016.

Over the last 20 years, the assets engaged in SRI strategies have grown significantly. (See Figures 1.1 and 1.2.)

- In 1995, when the US SIF Foundation published its first report on SRI trends, \$639 billion were identified as using SRI strategies.
- In 2010, the Foundation found \$3.1 trillion in SRI assets under management, up more than 13 percent over the start of 2007, despite the decline in several broad market indices such as the S&P 500 over the same period.
- The 2014 tally of \$6.6 trillion, more than double the comparable sum from 2010, reflected not only the overall recovery of the financial markets over that period, but also the dramatic growth in the assets and numbers of investment funds considering ESG criteria and reporting on these processes.

FIGURE 1.1

Sustainable and Responsible Investing in the United States 2005–2018

(In Billions)	2005	2007	2010	2012	2014	2016	2018
ESG Incorporation	\$1,704	\$2,123	\$2,554	\$3,314	\$6,200	\$8,098	\$11,632
Shareholder Advocacy	\$703	\$739	\$1,497	\$1,536	\$1,716	\$2,558	\$1,763
Overlapping Strategies	(\$117)	(\$151)	(\$981)	(\$1,106)	(\$1,344)	(\$1,933)	(\$1,401)
Total	\$2,290	\$2,711	\$3,069	\$3,744	\$6,572	\$8,723	\$11,995

SOURCE: US SIF Foundation.

NOTE: Overlapping assets involved in some combination of ESG incorporation (including community investing) and shareholder advocacy are subtracted to avoid potential effects of double counting. Separate tracking of the overlapping strategies only began in 1997, so there is no datum for 1995. Prior to 2010, assets subject to ESG incorporation were limited to socially and environmentally screened assets and did not include assets that considered only governance criteria.

- The 38 percent rise in US SRI assets since 2016 has outpaced the growth in professionally managed assets in the United States over that period, which rose 16 percent.

Motivations and Terminology

There is no single motivation for practicing sustainable and impact investing.

Some investors are driven by their personal values and goals, their institutional mission, or the demands of their clients, constituents or plan participants. They aim for strong financial performance, but also believe that these investments should be used to help contribute to advancements in social, environmental and governance practices. They may actively seek investments—such as community development loan funds or clean

tech portfolios—that are likely to provide important societal or environmental benefits.

Some investors embrace SRI strategies to manage risk and fulfill fiduciary duties; they may review ESG criteria as part of their due diligence process to assess the quality of management and the likely resilience of their portfolio companies in dealing with future challenges. Some are seeking hidden sources of alpha (financial outperformance) over the long term. Indeed, a growing body of academic research shows a positive link between ESG and financial performance.

Just as there is no single motivation for SRI, there is no single term to describe it. Depending on their emphasis, investors use such labels as “ESG investing,” “ethical investing,” “green investing,” “impact investing,” “mission-

related investing,” “responsible investing,” “socially responsible investing,” “sustainable investing” and “values-based investing,” among others. To reflect this diversity of terminology, this report uses the terms sustainable, responsible and impact investing, sustainable investing, responsible investing and SRI interchangeably.

In short, SRI is an evolving form of finance, and the proliferation of approaches underscores this basic dynamism.

What unites these diverse investment approaches—and what ultimately distinguishes them from the broader universe of assets under management in the United States—is the explicit incorporation of environmental, social or governance issues into investment decision making, fund management or engagement activities. This report seeks to quantify these various forms of

Financial Advisors, Robo-Advisors and Sustainable Investing

Financial advisors are often said to be the “gateway” to sustainable, responsible and impact investing (SRI). According to a 2018 survey commissioned by Eaton Vance of more than 1,000 financial advisors, 79 percent of financial advisors surveyed say their clients have expressed interest in sustainable investing, but only 31 percent say that sustainable investing is currently an important part of their practice. As a result, financial advisors have an enormous business opportunity if they are able to introduce the subject of responsible investing to clients or follow up when clients express interest. Many are acting on this opportunity.

Demand from institutional investors for sustainable investing has been trending upwards over the past decade. Many require that their advisors and managers incorporate ESG factors in the investment process and/or offer shareholder engagement strategies. In addition, individual

investors, and especially millennials, are asking how their investments can have a positive impact. They are looking for financial advisors who seek to understand their personal values and interests and know how to align them with investment strategies.

Robo-advisors are an increasingly popular phenomenon, and several offer sustainable investment options. These online wealth management services are digital platforms that use automation and algorithms to help clients develop an investment portfolio reflecting their values, risk tolerance, investment goals and timeline with minimal fees. Some financial advisors leverage robo-advisors alongside financial plans. By doing so, clients can benefit from user-friendly technology and automation, and also from the human interaction and customized advice of a financial advisor.

In the past few years, new resources have emerged to support financial advisors interested in sustainable investing. These include the US SIF Foundation’s *Incorporating Sustainable, Responsible and Impact Investing into Your Practice: A Roadmap for Financial Advisors*, Eaton Vance’s Advisor Top of Mind Index, and *Gateways to Impact: Industry Survey of Financial Advisors on Sustainable and Impact Investing*, published by a cohort of sustainable investing institutions and consulting firms.

Conferences and trainings around the country also seek to engage financial advisors. Among these are US SIF’s annual conference, online and live training, and the College for Financial Planning (CFFP) Chartered SRI Counselor™ (CSRIC™) designation in partnership with US SIF, in addition to Folio Financial’s annual SRI Conference and numerous regional events.

strategic investment activity and to identify the motivations for using them.

The Evolution of Sustainable, Responsible and Impact Investing

The history of investing for impact stretches over centuries. Religious investors from Jewish, Christian and Islamic faiths and many indigenous

cultures have long considered the broad impacts of their financial decisions, giving careful consideration to the way economic actions affect others around them and shunning investments that violate their traditions’ core beliefs.

Sustainable investing in its present-day form arose in the aftermath of the social and cultural transformations of the 1960s and 1970s as the

civil rights, feminist, consumer, antiwar and environmental movements raised awareness about a host of social, environmental and economic problems and made the connection to corporate and investor responsibility. Aided by regulatory changes by the US Securities and Exchange Commission, a growing band of individual and institutional investors filed the first dozens of shareholder resolutions to raise

questions about environmental and social responsibility at the annual meetings of US publicly traded firms.

The early 1970s also saw the launch of the first modern SRI mutual funds that combined investment exclusions, proactive investment in companies with strong labor and employment policies, and shareholder advocacy.

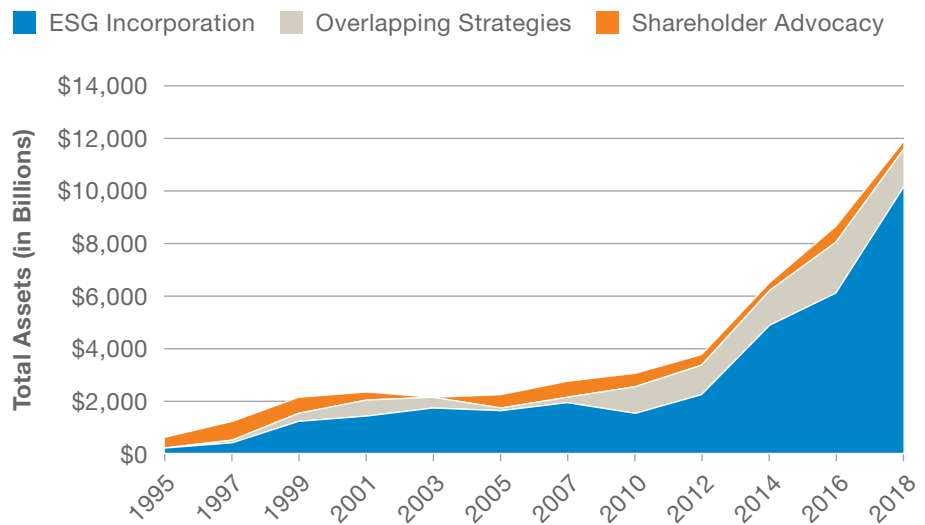
In the 1980s the anti-apartheid campaign motivated endowments and other institutions to protest South Africa's system of racial inequality by divesting their portfolios of companies doing business in the country or by engaging with companies to use their economic leverage to work for meaningful change there. Environmental catastrophes at Chernobyl, Ukraine, and Bhopal, India, and the Exxon Valdez oil spill in Alaska were flashpoints for investor concerns over pollution, energy use and environmental management.

These events inspired investment research firms to collect more extensive data in order to assess the environmental systems and performance of publicly traded companies. The 1980s also witnessed a new interest in corporate governance, as public and labor pension funds joined together to defend their interests after a growing number of companies adopted anti-takeover defenses that infringed on shareholder rights.

The issues that SRI practitioners consider continue to evolve.

FIGURE 1.2

Sustainable and Responsible Investing in the United States 1995–2018



SOURCE: US SIF Foundation.

Following the success of the anti-apartheid campaign, many institutional investors have developed similar strategies to divest or engage with regimes that pose “conflict risk” because of their poor records on human rights or because they foment violence or terrorism.

As globalization extended supply-chain operations into emerging markets across the world, sustainable investors have questioned multinational corporations about their impact on the countries in which they and their contractors do business, whether related to the environment or to their use of sweatshop or child labor.

Concerns over the risks associated with climate change and stranded fossil fuel assets have broadened the scope of environmental investing in recent years.

Sustainable investment analysts now routinely ask whether companies meet reporting and performance standards in areas such as climate risk, executive pay, human rights, supply-chain management and use of toxic chemicals.

Sustainable, responsible and impact investing has not been limited to publicly traded securities. Religious investors and those involved in the social transformations of the 1960s and 1970s also sought to use their investments to aid in community development efforts throughout the United States and abroad. Community development banks, credit unions, loan funds and affordable housing groups started forming in the 1970s. The Community Reinvestment Act of 1977 further encouraged investment in low-income communities.

Additionally, with the Tax Reform Act of 1969, US foundations gained the ability to meet their annual charitable distribution requirements in part through program-related investments that complement and extend their grantmaking.

The community investing industry developed further in the mid-1990s with the formation of the US Treasury's Community Development Financial Institution (CDFI) Fund, revisions to the Community Reinvestment Act, and creation of the New Markets Tax Credit and other tax incentives that helped to usher new forms of place-based investment into low-income communities.

US impact investors have supported the development of responsible financial services in low- and middle-income countries, too. Many international microfinance institutions have grown from nonprofits dependent on foreign investment to regulated microfinance banks that can accept local deposits from the customers to whom they have historically lent.

A number of other investment vehicles—including private equity and venture capital funds, responsible property funds and hedge funds for accredited investors—now routinely incorporate ESG impact criteria into their business strategies. Some of these funds have explicit missions to support such goals as sustainable agriculture, clean energy, transit-oriented development, education, fair trade or healthcare.

Sustainable and Responsible Investing Strategies

Sustainable, responsible and impact investors generally focus on at least one of two broad strategies.

One is incorporating ESG risk and impact criteria into investment research, analysis, decision-making and portfolio construction across a range of asset classes.

A second is filing shareholder resolutions at publicly traded companies and practicing other forms of investor engagement across asset classes.

ESG INCORPORATION

In ESG incorporation, asset managers complement traditional, quantitative techniques of analyzing financial risk and return with qualitative and quantitative analyses of ESG policies, performance, practices and impacts. ESG incorporation can be accomplished in numerous ways:

- **Positive/Best-in-Class:** Investment in sectors, companies or projects selected for positive ESG performance relative to industry peers. This also includes avoiding companies that do not meet certain ESG performance thresholds.
- **Negative/Exclusionary Screening:** The exclusion from a fund or plan of certain sectors or companies involved in activities deemed unsustainable or controversial.

- **ESG Integration:** The systematic and explicit inclusion of ESG risks and opportunities into the process of financial analysis, which can include adjusting estimated future cash flows or modeled discount rates based upon evaluation of ESG-related risks and opportunities and identifying and measuring the impact of off-balance-sheet ESG-related assets and liabilities.
- **Impact Investing:** Investment in companies, organizations and funds with the explicit intention to generate positive social and environmental impact alongside a financial return, which can range from below market to market rate.
- **Sustainability Themed Investing:** Thematic portfolio construction around specific ESG areas, such as gender-lens investing, clean technology, sustainable food and agriculture, renewable energy, or place-based investing.

ESG incorporation strategies are not mutually exclusive, and money managers may employ more than one within their investment products. As discussed in later chapters, the two ESG incorporation strategies that are most broadly employed today, based on the assets affected, are exclusionary screening and ESG integration.

SHAREHOLDER RESOLUTIONS AND INVESTOR ENGAGEMENT

Engagement involves the actions sustainable investors take to communicate with companies and capital markets on ESG issues of concern.

For owners of shares in publicly traded companies, shareholder advocacy can take the form of engaging in the proxy process by filing and co-filing shareholder

resolutions on ESG issues and actively voting their proxies in support of such resolutions. Many engaged shareholders also dialogue with corporate management over issues of concern, whether directly or through investor networks. Shareholder resolutions on ESG issues generally aim to improve company policies and practices and to promote the long-term concerns of shareholders and

other stakeholders. Some sustainable investors also speak out for legislative and regulatory changes that will lead to greater corporate accountability and disclosure on ESG issues.

Increasingly, asset owners and asset managers are exploring ways to become more highly engaged investors on ESG issues not only in public equities, but across asset classes.

Structure of This Report

The next three chapters of this report examine in more detail the various strategies and practitioners represented in the total \$12.0 trillion of SRI assets cited in this introduction.

Chapter II: “ESG Incorporation by Money Managers,”

examines the incorporation of ESG issues by money managers across a wide range of investment vehicles—mutual funds, including those underlying annuity products; exchange-traded funds; alternative investment vehicles such as social venture capital, private equity, hedge and property funds; and other commingled products and separate accounts. It also looks at the growth in assets of community investing institutions, such as banks, credit unions and loan funds. It quantifies the scope and scale of investment vehicles incorporating ESG factors, the leading ESG criteria incorporated by money managers and other leading trends that are shaping the field and driving growth.

Chapter III: “ESG Incorporation by Institutional Investors,”

analyzes leading ESG incorporation trends among institutional asset owners, such as public funds, insurance companies, educational institutions, philanthropic foundations, labor funds, hospitals and healthcare plans, faith-based institutions, other nonprofits, and family offices.

Chapter IV: “Investor Advocacy,” analyzes trends in active ownership strategies, such as filing shareholder resolutions and engaging companies in dialogue in order to hold them accountable for their social and environmental performance and impact. It also examines the highlights and successes of the shareholder proposals filed on ESG issues from 2016 to 2018.

The final sections provide additional details and context for the findings.

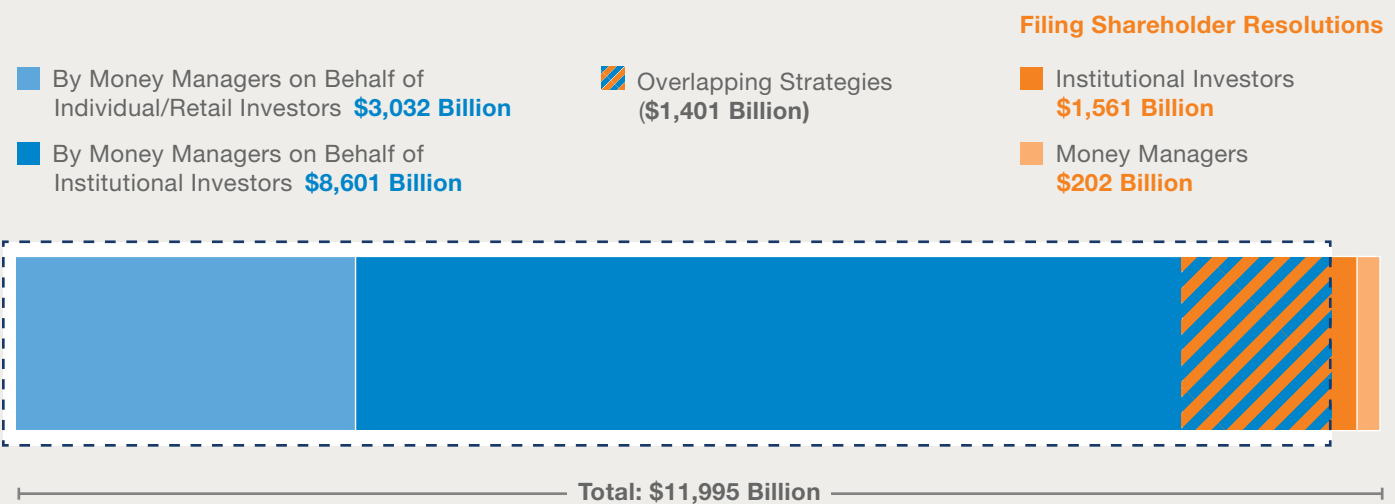
Chapter V: “Methodology,” presents the methods and sources used to compile this report.

Chapter VI: “About the Publisher,” provides further details about the US SIF Foundation and US SIF.

Appendices: The first appendix is a glossary of ESG incorporation criteria. Appendices 2-6 list: mutual funds and exchange-traded funds incorporating ESG criteria, community investing institutions, money managers engaged in ESG incorporation, institutional investors engaged in ESG incorporation, and institutions and managers that have recently filed or co-filed shareholder resolutions on ESG issues.

II. ESG Incorporation by Money Managers

FIGURE 2.0
Sustainable and Responsible Investing Assets 2018



SOURCE: US SIF Foundation.
NOTE: ESG incorporation assets in this figure include those in community investing institutions.

Money managers and financial institutions now incorporate environmental, social and governance (ESG) issues into their investment research, analysis, decision making, and impact assessment across portfolios that totaled \$11.63 trillion at the start of 2018. This is a 44 percent increase from the \$8.10 trillion in ESG incorporation assets money managers reported in 2016.

Of the current sum, \$8.60 trillion was managed on behalf of institutional clients and \$3.03 trillion for individual retail or high-net-worth clients, as shown in Figure 2.0. These ESG assets are managed by 365 asset management firms and 1,145 community investing institutions.

The rate of growth in ESG investing among money managers remains robust, reflecting increased client demand and the mainstreaming of ESG and impact investing. The Principles for Responsible Investment (PRI) also continues to be a driver behind growth, as new money managers become signatories to the principles—a commitment that also requires greater transparency into the ways that PRI members are implementing the principles.

This chapter focuses on money managers that incorporate ESG

criteria into their investment analysis, decision making and impact assessment, as well as on community investment institutions. It is divided into four sections:

- The first examines the leading themes, strategies and motivations that money managers disclose for incorporating ESG criteria into asset management.
- The second section provides more detailed analysis of ESG trends by various kinds of investment vehicles.
- The third section analyzes trends among money managers that do not fully specify their investment vehicles incorporating ESG issues.
- The final section examines community investing, including an analysis of the growth

of community development financial institutions (CDFIs), such as community development banks, credit unions, loan funds and venture capital funds, as well as the community-related criteria incorporated by money managers across other kinds of investment vehicles.

Key Trends

- The assets managed by money managers incorporating environmental, social and governance criteria rose 44 percent over the past two years, to reach \$11.63 trillion at the beginning of 2018.
- However, details on 64 percent of these assets—\$7.50 trillion—remain largely opaque, as the firms where they are managed provided little detail on either the specific investment vehicles

through which they practiced ESG incorporation or the precise ways that ESG issues were incorporated.

- At the same time, an increasing number of managers are beginning to provide greater insights into their investment process and the specific ESG factors they incorporate into their investment strategies.
- Both the number of funds and the assets under management of registered investment companies that incorporate ESG analysis have increased by approximately 50 percent since 2016: mutual funds, ETFs and closed-end funds all shared in this growth.
- Alternative investment funds' ESG assets almost tripled from \$206 billion to \$588 billion, and the number of funds increased 89 percent from 413 to 780; this growth has been particularly apparent among private equity and hedge funds.
- The assets of community investing institutions have also shown strong growth, increasing more than 50 percent to \$185 billion.
- **Climate change** is the most important specific ESG issue considered by money managers in asset-weighted terms; the assets to which this criterion applies have more than doubled since 2016 to \$3.0 trillion.

- Investment restrictions related to **tobacco** have re-emerged as a significant ESG factor, as several large asset management firms, which previously had disclosed relatively little about their ESG criteria, responded directly with this detail in the US SIF Foundation's 2018 survey.
- The other specific ESG criteria that affect more than \$2 trillion in assets relate to **conflict risk, human rights, transparency and anti-corruption**, and **pollution and toxics**.
- Growing concern among money managers and their clients about civilian firearms is reflected in the fact that \$1.93 trillion in assets are now subject to restrictions on investments in **weapons**, a nearly five-fold increase from 2016.

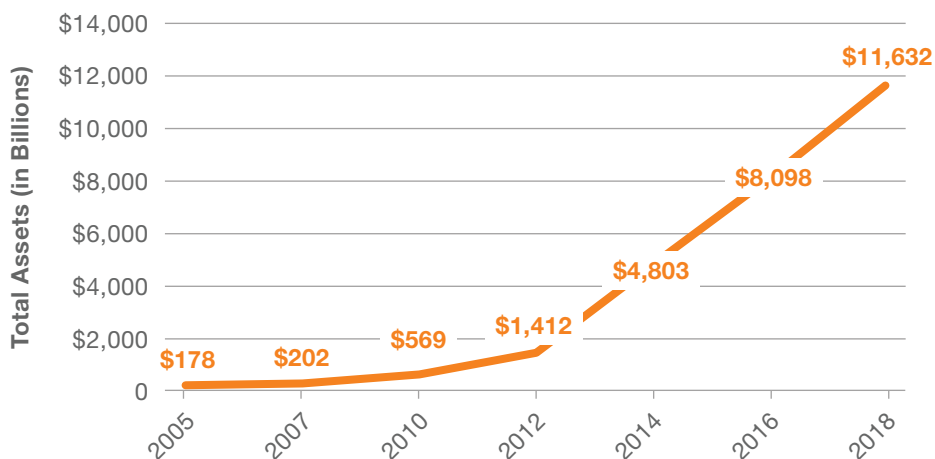
Background

ESG assets reported by money managers have increased substantially over the last decade and more than eight-fold over the past six years as shown in Figure 2.1. Growth spiked between 2012 and 2014, when these assets increased 240 percent; ESG assets then rose 69 percent from 2014 to 2016, and 44 percent from 2016 to 2018.

Of the \$11.63 trillion in ESG assets, the majority—64 percent—are managed through undisclosed investment vehicles, which we classify for the purposes of this report as “Uncategorized Money Manager Assets.” (See Figure 2.2.) Of the remaining \$4.13 trillion in ESG assets, the US SIF Foundation is able to classify them by the type of investment vehicle through

FIGURE 2.1

Growth of ESG Incorporation by Money Managers 2005–2018



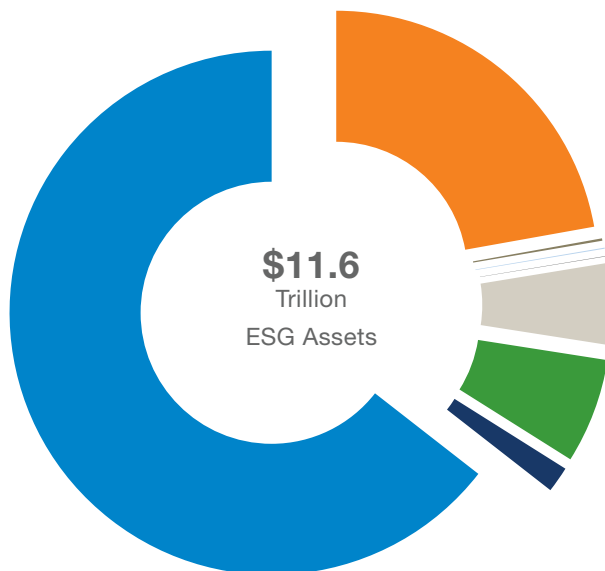
SOURCE: US SIF Foundation.

FIGURE 2.2

Money Manager Assets, by Type, Incorporating ESG Criteria 2018

Total Assets (in Billions)

Mutual Funds	\$2,580
Variable Annuities	\$17
ETFs	\$7
Closed-End Funds	\$3
Alternatives	\$588
Other Commingled Funds	\$753
Community Investment Institutions	\$185
Uncategorized Money Manager Assets	\$7,499



SOURCE: US SIF Foundation.

which they are managed, from registered investment companies such as mutual funds, variable annuities, ETFs and closed-end funds, to alternative investment funds such as private equity and venture capital funds, hedge funds or property funds, to other commingled funds and community investing institutions.

Registered investment companies account for 22 percent of money manager ESG assets, and mutual funds are the largest of these in terms of number of funds and assets: 636 mutual funds with \$2.58 trillion in assets under management were identified. The number of alternative funds is still larger, at 780 total, but

they are spread across various vehicles such as private equity, hedge funds, and property and real estate funds and manage fewer assets on the whole—only \$588 billion.

A Closer Look at Themes, Strategies and Motivations

Through the US SIF Foundation survey process, money managers could select up to 32 criteria considered by each of their products, broken into environmental, social (including community), governance and product-related categories. (See Appendix 1 for this list of

criteria.) They also had the option to specify any other ESG criteria they considered.

Money managers incorporate ESG criteria into their investment decisions for a variety of reasons. This section highlights leading ESG criteria reported for all types of money managers and provides insight into their motivations and strategies for sustainable investing.

Across the assets managed by money managers, the greatest share—\$10.84 trillion—incorporated social or community criteria, as shown in Figure 2.3. This is an increase of 39 percent, as well as a shift, from 2016,

continued on p. 20

Investors and the UN Sustainable Development Goals

The Sustainable Development Goals, a blueprint to guide the world's development through the year 2030, are attracting interest from investors. The 17 SDGs, which were approved by the 193 nations of the United Nations General Assembly in September 2015, supersede the eight Millennium Development Goals for 2000 to 2015, which aimed at reducing the proportion of the world's population living in extreme poverty.

In comparison with the Millennium Goals, the SDGs are both more specific and more sweeping. Where the Millennium Goals had a single goal for ensuring environmental sustainability, several of the SDGs focus on aspects of environmental sustainability, from promoting sustainable agriculture and sustainable water management to taking urgent action to combat climate change (see list below). Where the Millennium Goals focused primarily on lower-income countries and were seen primarily as the responsibility of governments

and multilateral institutions, the SDGs are a call to action not only to government bodies, but also to civil society and the private sector.

The UN has tapped investment firm Pimco, a specialist in fixed income, to convene SDG investment fairs to attract both public and private sector finance for deals that will produce both financial returns and positive social or environmental impacts. Based on UN estimates that achieving the SDGs will cost \$3 trillion to \$5 trillion annually, Pimco suggests that an additional \$2.5 trillion will be needed each year above current levels of public and private expenditures.¹

Major companies can expect to receive more scrutiny with regard to the SDGs. In September 2018, with the support of Aviva and the UN Foundation, the World Benchmarking Alliance was launched in order to develop free, publicly available benchmarks to compare and rank companies' performance on the SDGs. The

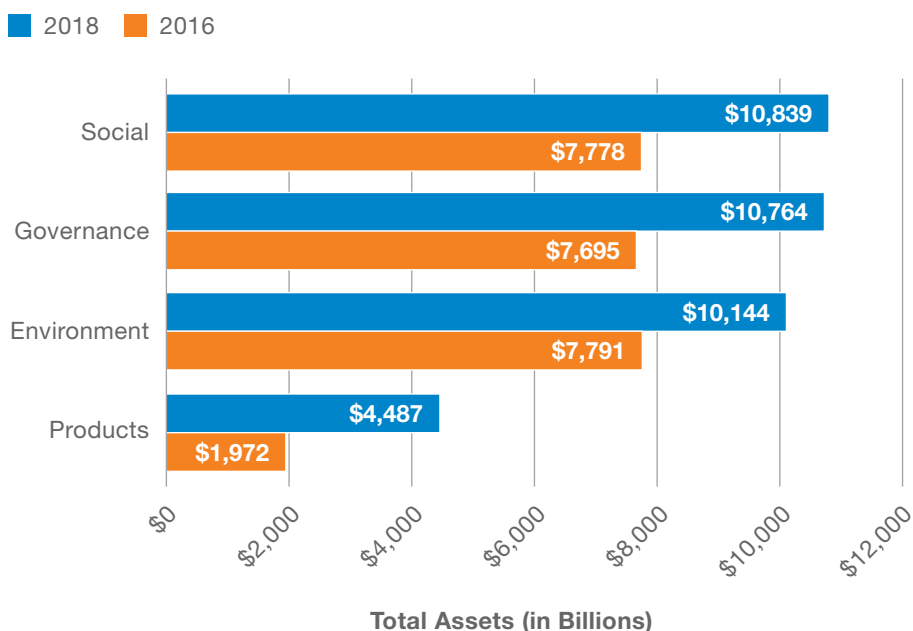
Alliance plans to evaluate 2,000 companies by 2023.

In 2018, to gauge the extent of interest in the SDGs among US institutional investors and asset management firms, the US SIF Foundation added a response option, "to help fulfill one or more of the UN Sustainable Development Goals," to its standard survey question about respondents' motivations for sustainable, responsible and impact investing. Of the 141 money managers that responded to this survey question, 40 percent—representing \$2.15 trillion in ESG assets—said that the SDGs were one of their motivations for pursuing SRI strategies. Among institutional asset owners, interest in the SDGs is most evident among smaller institutions. Of the 92 institutional investors that responded on their motivations for pursuing SRI strategies, 23 percent cited the SDGs as a motivation, but these respondents represented just \$4 billion in ESG assets.



FIGURE 2.3

ESG Categories Incorporated by Money Managers 2016–2018



SOURCE: US SIF Foundation.

NOTE: Social category includes all community-related criteria.

when environmental criteria were predominant in asset-weighted terms. This year, money managers with \$10.76 trillion in assets took governance criteria into consideration, followed by managers with \$10.14 trillion in assets that focused on environmental criteria. Finally, while product-related criteria affected the smallest pool of assets—\$4.49 trillion—their growth was the most substantial compared with 2016, at over 125 percent. The largest gains in this category were associated with restrictions related to tobacco and weapons, as described in greater detail later in the chapter.

As in 2016, many money managers continue to report that they apply “ESG incorporation” or “ESG integration” across a majority or all of their assets, without much further specification, as shown in Figure 2.4.

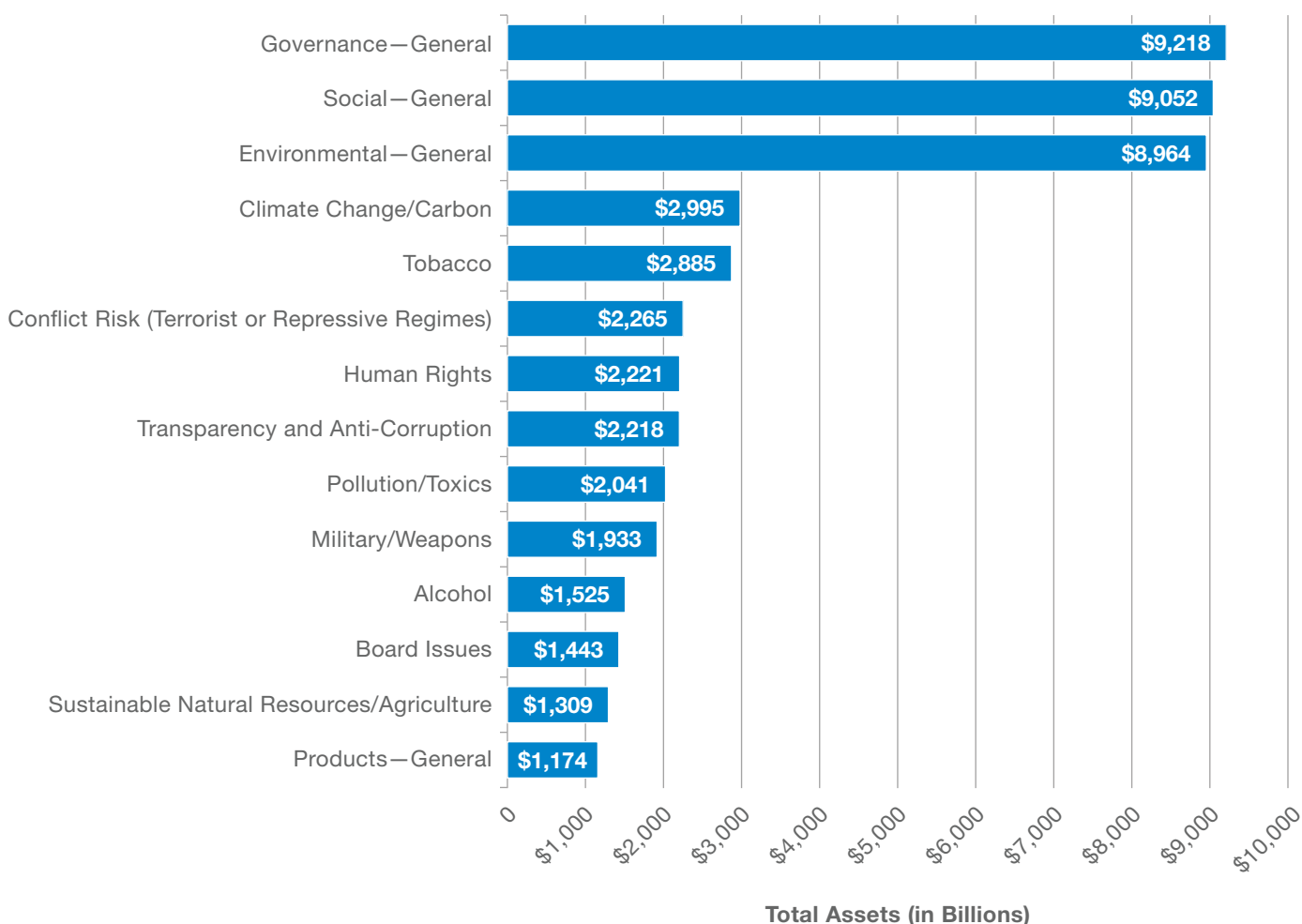
Approaches to ESG integration can vary widely. For example, one manager described three dominant ESG integration strategies as ranging from “worst in class” approaches that remove poor ESG performers to ESG “tilt” strategies that overweight highly rated companies, while underweighting the worse performing ones, to “ESG momentum” strategies that focus

on companies with improving ESG scores rather than overall leaders.² To take another example, a \$100 billion asset manager and PRI signatory that integrates ESG into approximately 20 percent of its asset base publicly describes how ESG factors are considered in both its “top-down” and “bottom-up” investment processes to include labor and human rights, environmental legislation, and various other environmental, social and governance risks.³

Without greater detail, though, it can be challenging to understand and quantify ESG integration trends precisely.

FIGURE 2.4

Leading ESG Criteria, by Assets, for Money Managers 2018



SOURCE: US SIF Foundation.

NOTE: Data are aggregated across all investment vehicle types, including separate account vehicles and Uncategorized Money Manager Assets.

In terms of the number of ESG factors incorporated within asset management, the vast majority of investment vehicles—94 percent—have explicit policies related to incorporating two or more different ESG factors as shown in Figure 2.5. Just over half incorporate two to four factors, while 40 percent incorporate more than five distinctive ESG criteria and only 6 percent of ESG investment vehicles incorporate only a single issue or criterion. This

relative percentage of single-issue investment vehicles has declined with every subsequent Trends report, as more money managers embrace broader ESG incorporation criteria.

ENVIRONMENTAL ISSUES

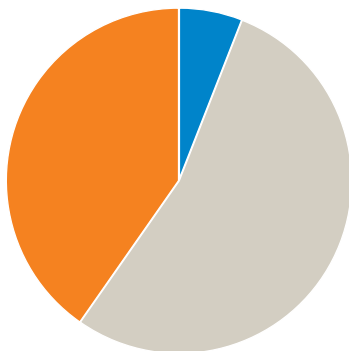
At the beginning of 2018, money managers reported that they incorporated environmental factors into \$10.14 trillion in assets under management. Managers disclosed that nearly \$9 trillion of those assets were managed

according to general, unspecified environmental criteria. For those managers who disclosed more specific environmental criteria, **climate change** continued to rank highest, affecting \$3.0 trillion in assets under management, more than doubling from 2016. Although US President Donald Trump announced in 2017 that he would pull the United States from the 2015 Paris Climate Agreement, numerous investors forged new multi-trillion-dollar coalitions, such as We Are Still In and the

FIGURE 2.5

Frequency of ESG Criteria Incorporation in Investment Vehicles 2018

- Single Criterion **6%**
- 2–4 Criteria **54%**
- 5+ Criteria **40%**



SOURCE: US SIF Foundation.

NOTE: The frequency of ESG incorporation is as a percentage of total number of ESG investment vehicles. This figure excludes separate account vehicles and Uncategorized Money Manager Assets.

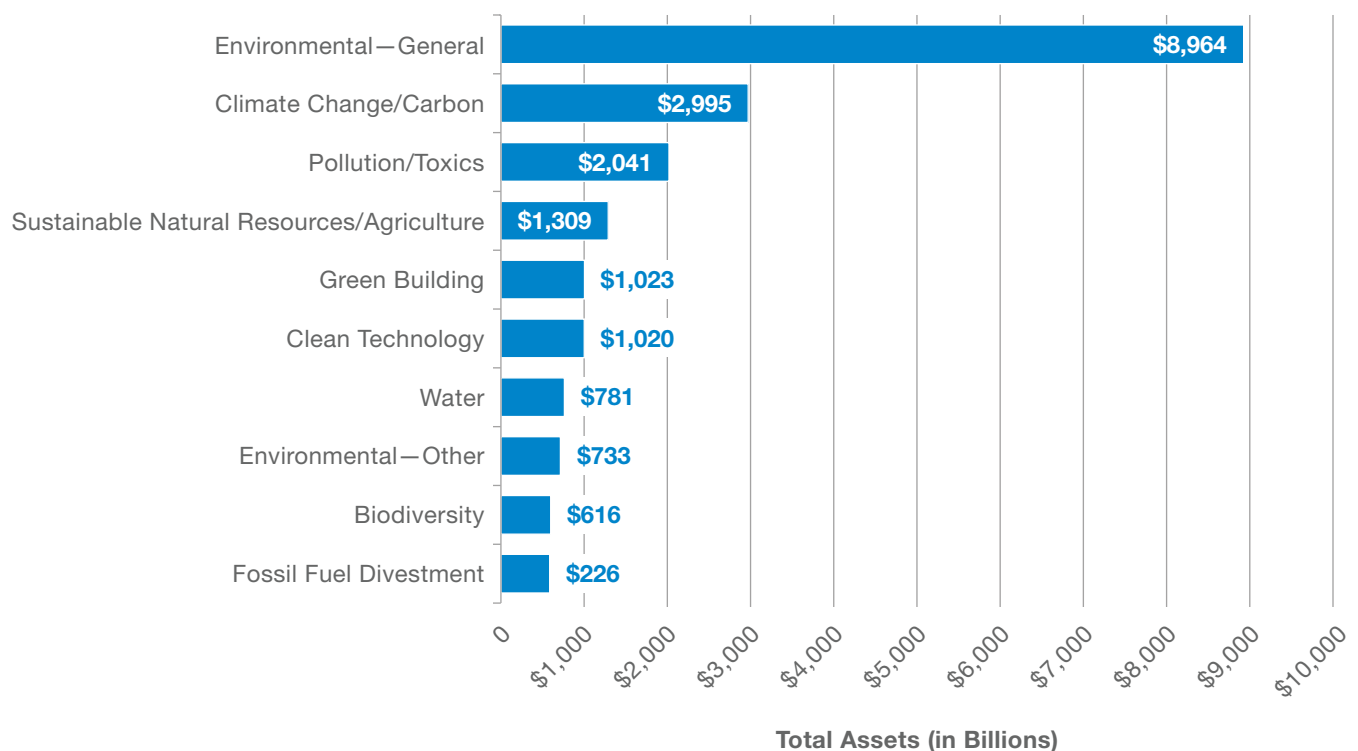
Climate Action 100+, to announce their commitment to accelerating climate-related investments. Growth in the movement for **fossil fuel divestment** also continued, and US money manager assets explicitly managed according to fossil-free mandates increased 49 percent since 2016 to \$226 billion.

As Figure 2.6 highlights, fossil-free assets are far lower than many other leading environmental investing themes, many of which investors view as solutions to curb or mitigate climate change, from **clean technology** to **green building**. Assets under management factoring in **pollution and toxics** increased 159 percent to \$2.04 trillion. This includes waste management, recycling and water purification. Issues related to **sustainable natural**

resources and agriculture grew to \$1.31 trillion, as money managers increasingly embrace “regenerative” and organic agriculture and sustainable timber investment. **Water** was measured as a distinctive environmental criterion for the first time in 2016; assets in this category increased dramatically from \$9 billion to \$781 billion in 2018. Money managers highlighted the human right to water in addition to investing in sanitation and “water solutions.” Finally, money managers with \$616 billion in assets under management highlighted a growing interest in **biodiversity**, as investor concerns grow about de-forestation risks and conservation opportunities. Nearly all of the money managers who cited water and biodiversity also factored in climate change,

FIGURE 2.6

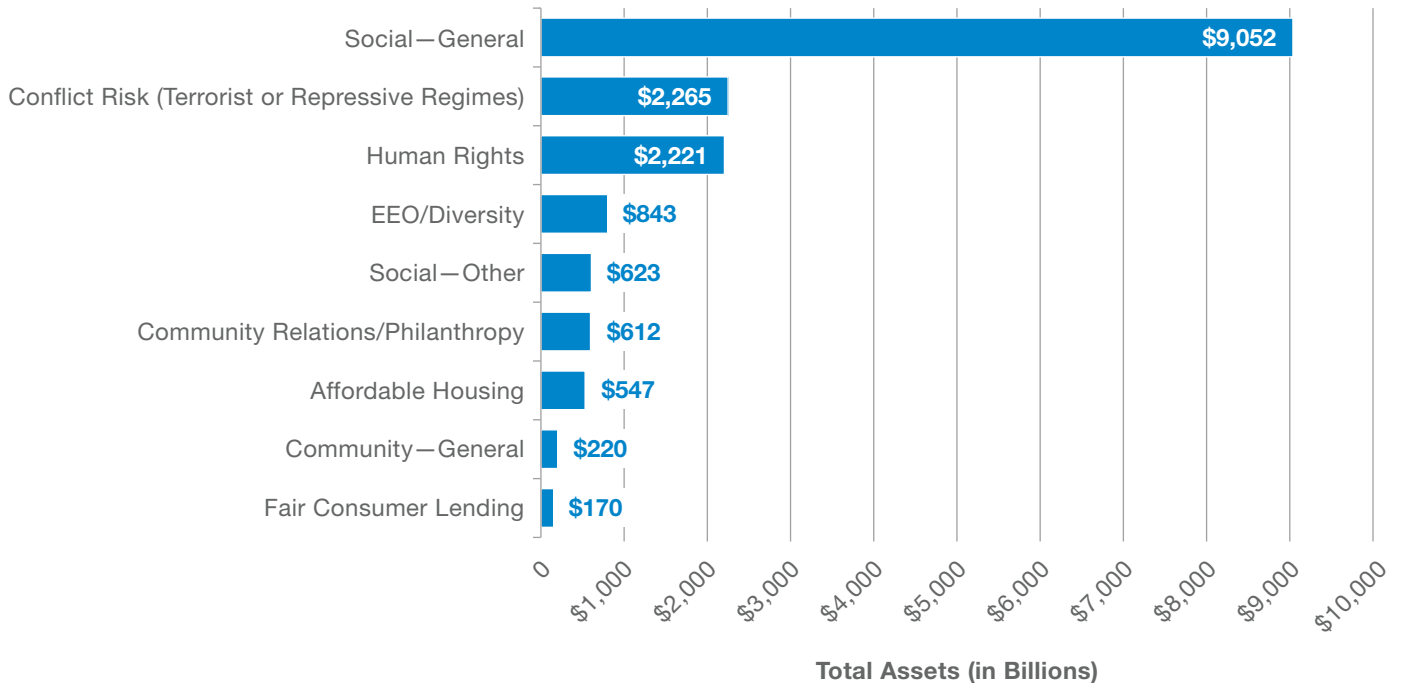
Leading Environmental Criteria for Money Managers 2018



SOURCE: US SIF Foundation.

FIGURE 2.7

Leading Social Criteria for Money Managers 2018



SOURCE: US SIF Foundation.

Although US President Donald Trump announced in 2017 that he would pull the United States from the 2015 Paris Climate Agreement, numerous investors forged new multi-trillion-dollar coalitions, such as We Are Still In and the Climate Action 100+, to announce their commitment to accelerating climate-related investments.

implying a growing concern about rising CO₂ levels and investment risks at the land-energy-water nexus.

SOCIAL ISSUES

At the start of 2018, social factors were incorporated into \$10.84 trillion in assets under management. Out of this total, Figure 2.7 highlights that 84 percent, or \$9.05 trillion, were applied to general, unspecified social factors.

The second largest category of social criteria was **conflict risk**, which includes policies that restrict investment in companies doing business with terrorist or repressive regimes, such as Sudan and Iran; it affected nearly \$2.3 trillion in assets under management. Assets

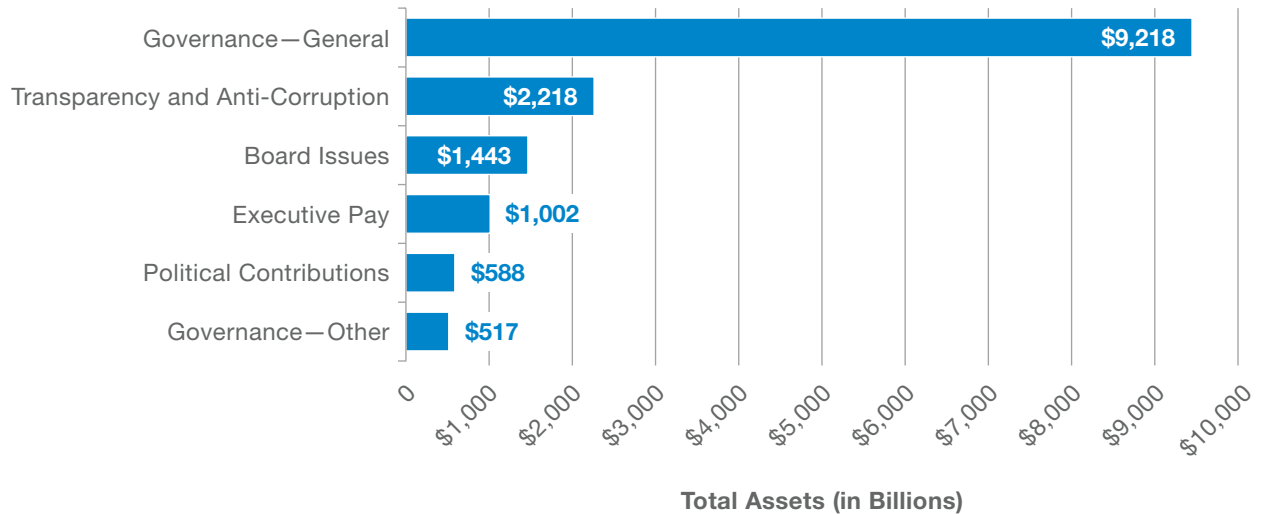
under management factoring in **human rights** increased over 170 percent compared with 2016 to \$2.22 trillion. Consideration of **equal employment opportunity policies and diversity** jumped to the fourth largest category, affecting \$843 billion in assets, up from \$249 billion in 2016. Assets managed with **affordable housing** criteria doubled since 2016 to \$547 billion.

CORPORATE GOVERNANCE

At the beginning of 2018, money managers reported that they incorporated governance factors into \$10.76 trillion in assets under management. Of this total, \$9.22 trillion of assets under management, or 86 percent, were applied to general, unspecified governance factors as shown in Figure 2.8. Assets

FIGURE 2.8

Leading Governance Criteria for Money Managers 2018



SOURCE: US SIF Foundation.

under management factoring in **transparency and anti-corruption** more than tripled over the past two years, to \$2.22 trillion. The reason for this increase was due in large part to money managers providing more detailed information about their governance criteria, both directly and through public disclosures such as their PRI Transparency Reports. **Board issues**, such as consideration of directors' independence, diversity and responsiveness to shareholders, affected \$1.44 trillion in assets under management, an increase of 85 percent since 2016. Assets managed with concerns about **executive compensation** grew by 42 percent, to \$1.0 trillion under management, while assets managed with criteria associated with **corporate political contributions and lobbying** activities have remained relatively unchanged, at \$588 billion in assets.

PRODUCT-RELATED CRITERIA

The incorporation of product-related criteria saw the fastest growth in asset-weighted terms, reaching \$4.49 trillion in 2018, more than doubling from 2016.

Within this category, restricting **tobacco** investment was far and away the most popular issue, affecting \$2.89 trillion in assets under management, as shown in Figure 2.9. In this case, the last Trends Report may have been an outlier, as tobacco affected \$1.47 trillion in 2014 and only \$543 billion in 2016. Several large money managers, who previously had disclosed relatively little about their ESG criteria, made up the bulk of this increase in assets, when they responded directly with this detail in the US SIF Foundation's 2018 survey.

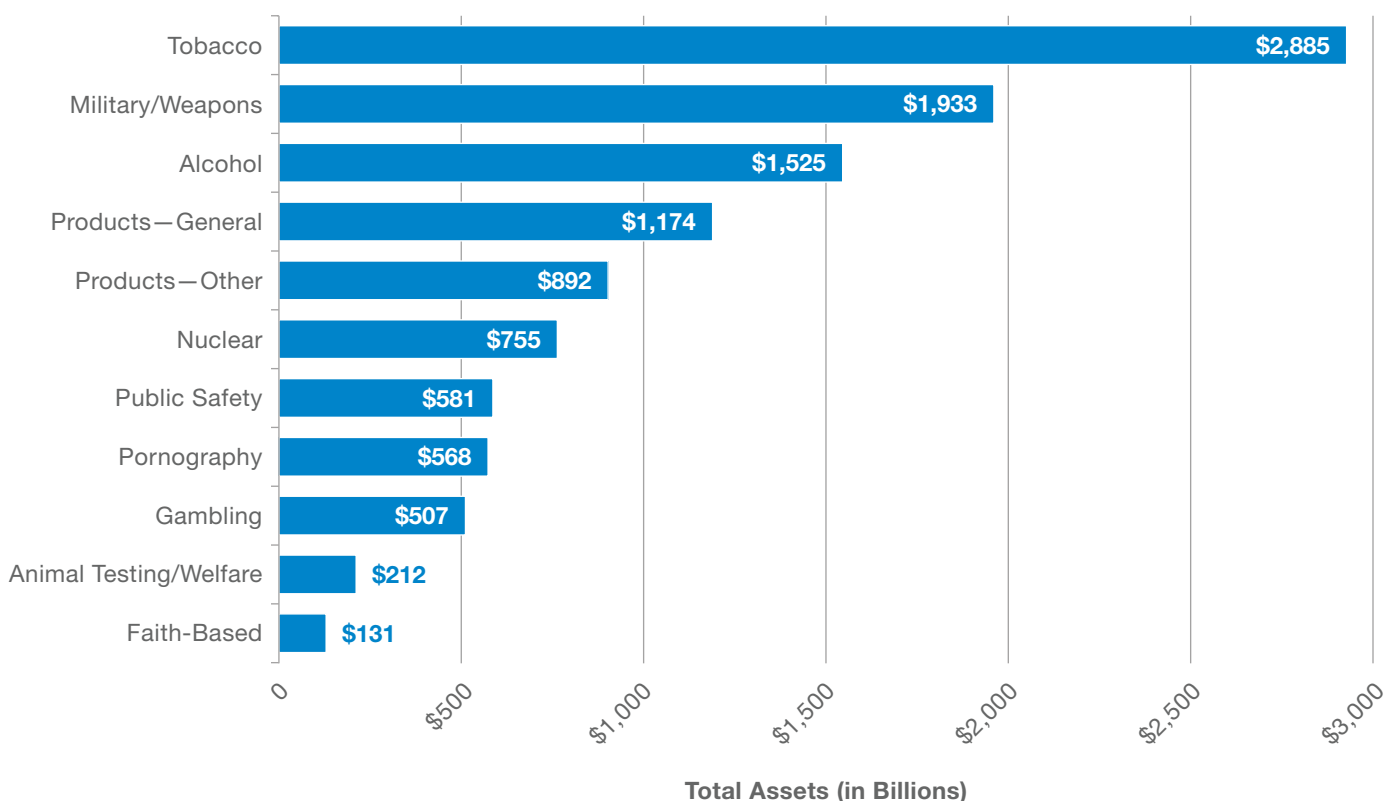
Money manager assets affected by criteria related to **military weapons and firearms** increased

nearly five-fold, to \$1.93 trillion, due in large part to on-going investor concern over mass shootings at schools and in other public spaces. On October 1, 2017, the deadliest mass shooting by a single gunman in US history took place in Las Vegas. Policy proposals in the immediate aftermath focused on prohibiting the sale and possession of bump stocks, which had been used by the gunman; to date only a handful of jurisdictions, including Denver plus the states of Massachusetts, New Jersey, and Washington, have enacted such laws.

However, several corporations took a stand following the school shooting at Marjory Stoneman Douglas High School in Parkland, Florida, on February 14, 2018. Shortly afterward, Dick's Sporting Goods made the decision to no longer sell assault-style rifles, or to sell any firearms to customers under 21 years of age. Major

FIGURE 2.9

Leading Product-Related Criteria for Money Managers 2018



SOURCE: US SIF Foundation.

companies such as Hertz, MetLife and Delta Airlines formally cut their relationships with the National Rifle Association, and Bank of America and Citigroup stopped offering banking services to companies that sell bump stocks or firearms to customers who do not pass a background check or are under 21. As this latest tragedy took place during 2018, after the snapshot quantified in this report, restrictions on firearms are likely to continue to affect growing pools of assets in future Trends reports.

Alcohol is the third largest product-related criterion, with \$1.53 trillion in assets affected. This is followed by \$1.17 trillion in assets affected by general,

unspecified product criteria. Restrictions on **nuclear power** more than tripled, to \$755 billion in assets under management. Other product criteria that did not fit the other established product categories affected another \$892 billion in assets; many of these were largely food and health related, including restrictions relating to genetically modified organisms.

ESG INCORPORATION STRATEGIES

Of the 365 money managers included in this report, a subset of 131 money managers voluntarily disclosed additional information about their ESG incorporation strategies. Managers were asked to specify

Money manager assets affected by criteria related to military weapons and firearms increased nearly five-fold, to \$1.93 trillion, due in large part to on-going investor concern over mass shootings at schools and in other public spaces.

FIGURE 2.10

ESG Incorporation Strategies by Money Managers 2018

	Number of Money Managers	% of Managers Reporting	Assets Affected (in Billions)
ESG integration: the systematic and explicit inclusion by investment managers of ESG risks and opportunities into traditional financial analysis	98	75%	\$2,578
Negative/exclusionary: the exclusion from a fund or plan of certain sectors or companies based on specific ESG criteria	87	66%	\$2,149
Positive/best-in-class: investment in sectors, companies or projects selected for positive ESG performance relative to industry peers	81	62%	\$299
Impact investing: targeted investments, typically made in private markets, aimed at solving social or environmental problems	80	61%	\$80
Sustainability themed investing: the selection of assets specifically related to sustainability in single- or multi-themed funds	71	54%	\$212
Total Responding	131		\$3,156

SOURCE: US SIF Foundation.

NOTE: Some managers disclosed using multiple strategies within funds, so affected assets may overlap and percentages do not sum. Managers of Community Development Loan Funds who responded voluntarily to these questions are also included.

what percentage of their ESG assets were affected by one or more of the following strategies: ESG integration, negative or exclusionary strategies, positive or best-in-class strategies, impact investing or sustainability themed strategies.

As shown in Figure 2.10, the most commonly reported strategy in terms of both the assets involved and percentage of money managers employing it was ESG integration, at \$2.58 trillion and 75 percent respectively. The second most commonly reported strategy was negative or exclusionary screening, reported by 66 percent of this group of

money managers and affecting \$2.15 trillion of their assets under management.

Although 62 percent of this subset of managers reported using positive ESG screening or best-in-class techniques, the assets affected by these strategies were significantly lower than ESG integration or negative screening: only \$299 billion. The smallest percentage of this group—but still more than half of this self-selected subset—reported managing \$212 billion in assets using sustainability themed investment strategies. As for the smallest strategy in asset-weighted terms, 61 percent

of this manager subset reported that they pursue impact investing across \$80 billion in assets.

For the first time, the US SIF Foundation asked money managers two sets of questions about their overall investment allocations and strategies. One question focused on the allocation of their overall assets under management across three broad categories of asset classes: public equity, fixed income, or other asset classes such as cash or alternatives. Managers were also asked what percentage of their assets were managed in passive investment strategies that track indices.

FIGURE 2.11

ESG Incorporation by Asset Class by Money Managers 2018

	Number of Money Managers	Affected Assets (in Billions)	Percent of ESG Assets
Publicly Traded Equity	94	\$1,488	49%
Publicly Traded Bonds or Fixed Income	61	\$1,281	42%
Other (e.g. Cash, Private Assets, Real Assets)	79	\$270	9%
Total Responding	132	\$3,039	100%

SOURCE: US SIF Foundation.

NOTE: Some money managers reported investing in more than one asset class across their ESG assets, so totals do not sum.

Figure 2.11 shows that out of the 365 money managers included in the report, a subset of 132 managers with more than \$3 trillion in combined ESG assets provided a breakdown of their ESG assets by asset class. According to 94 of these managers, \$1.49 trillion of their ESG assets, or 49 percent of this subset's combined ESG assets under management, were invested in public equities. Sixty-one managers reported investing \$1.28 trillion in publicly traded bonds or fixed income. Although even more managers reported investing in other asset classes,

such as cash or alternatives, only 9 percent of their combined assets—\$270 billion—were allocated in this way.

A slightly different subset of 135 money managers with nearly \$4 trillion in combined ESG assets responded to questions regarding their use of passive and active investment strategies. As shown in Figure 2.12, only 27 managers reported using passive strategies across \$314 billion in their ESG assets. The vast majority of these managers—129—use active management.

MOTIVATIONS FOR ESG INCORPORATION

A slightly larger subset of 141 money managers with combined ESG assets of \$4.18 trillion voluntarily responded to a question on their motivations for incorporating ESG criteria into their investment process. As shown in Figure 2.13, the largest percentage of them, managing more than \$4 trillion in ESG assets, cited client demand as a motivation. Similar numbers of managers but with just \$2.5 trillion in assets, cited mission (81 percent) and social benefit (79 percent) as

FIGURE 2.12

Passive vs. Active ESG Asset Management by Money Managers 2018

	Number of Money Managers	Affected Assets (in Billions)	Percent of ESG Assets
Actively Managed	129	\$3,684	92%
Passively Managed	27	\$314	8%
Total Responding	135	\$3,998	100%

SOURCE: US SIF Foundation.

NOTE: Some money managers reported using both active and passive management across their ESG assets, so totals do not sum.

FIGURE 2.13

Reasons Money Managers Report Considering ESG Factors 2018

Reason	Number of Money Managers	% of Managers Responding	ESG Assets (in Billions)
Client Demand	115	82%	\$4,160
Mission	114	81%	\$2,509
Social Benefit	112	79%	\$2,494
Returns	107	76%	\$3,696
Risk	106	75%	\$4,026
Fiduciary Duty	82	58%	\$3,986
UN Sustainable Development Goals	57	40%	\$2,151
Regulatory Compliance	31	22%	\$1,864
Total Responding	141		\$4,180

SOURCE: US SIF Foundation.

NOTE: Managers of community development loan funds who responded to these questions are also included. Respondents could choose multiple reasons, so counts and percentages do not sum.

among their motivations. The desire to improve returns and to minimize risk over time were motivations cited by three quarters of managers in this group. Although a lower percentage of managers—58 percent—cited fiduciary duty, they represented nearly \$4 trillion in ESG assets, making this the third highest motivation in asset-weighted terms. Forty percent of respondents with more than \$2 trillion in ESG assets cited the UN Sustainable Development Goals as a motivation—an option that was added as a response for the first time this year.

The responses to this question show subtle changes from the 2016 survey. Client demand was cited as a motivation by

85 percent of the managers responding then, but in asset-weighted terms, improving returns and reducing risk over time were the two most significant factors.

Registered Investment Companies

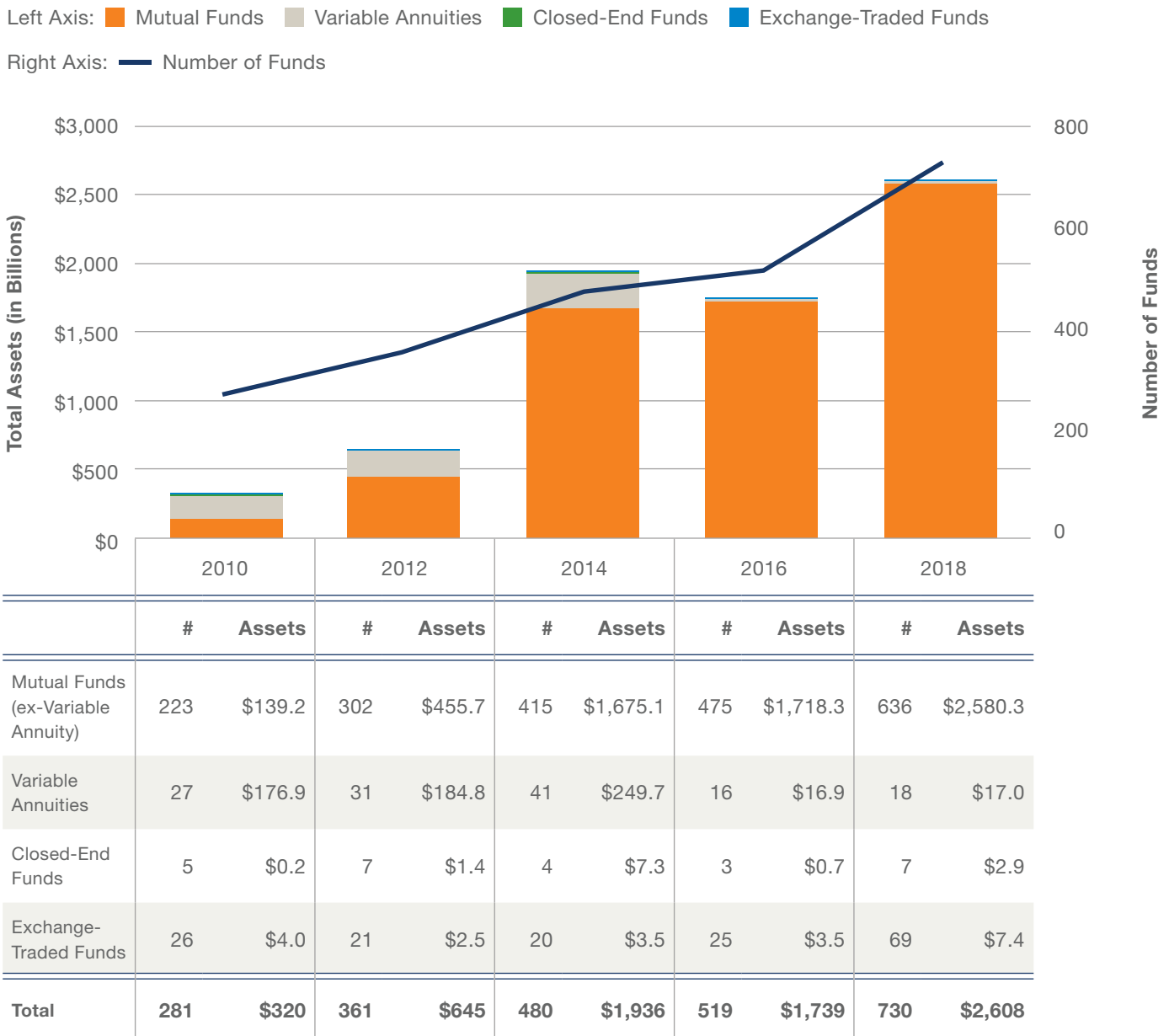
As highlighted in Figure 2.14, the assets of registered investment companies such as mutual funds, variable annuity funds, ETFs and closed-end funds that incorporate ESG investing criteria have grown from just \$320 billion in 2010, to \$2.61 trillion at the start of 2018, a more than eight-fold increase.

Within this group, **MUTUAL FUNDS** predominate, both in the number of funds and the assets

they represent. Since 2016, the total number of SRI mutual funds has increased 50 percent, to 636, and their total assets have increased 34 percent to \$2.58 trillion. According to the Investment Company Institute's 2018 Investment Company Fact Book, US-based mutual funds held \$18.7 trillion in assets under management at the beginning of 2018.⁴ Thus, the sustainable and responsible mutual funds described in this report constitute 14 percent of the total assets of US-domiciled mutual funds. The new mutual funds incorporating ESG criteria are managed by firms that include Calvert Research and Management, ClearBridge Investments, Crossmark, Fidelity, Hartford, JP Morgan and Mirova.

FIGURE 2.14

ESG Incorporation by Registered Investment Companies 2010–2018



SOURCE: US SIF Foundation.

NOTE: Asset values are in billions.

The past two years saw significant growth in **EXCHANGE-TRADED FUNDS** (ETFs) incorporating ESG factors. Total assets more than doubled to \$7.4 billion, and the number of funds, which had been hovering

between 20 and 26 since 2010, increased 176 percent to 69. Newly launched ETFs have focused on various areas, such as emerging markets, and themes, such as green bonds and fossil fuel divestment.

Although still a small category within the SRI universe, closed-end funds also saw significant growth. At the start of 2018, seven **CLOSED-END FUNDS** with \$2.9 billion in assets under management incorporated ESG

FIGURE 2.15

ESG Categories Incorporated by Registered Investment Companies 2018

	Number of Funds	Assets (in Billions)
Environment	615	\$2,563
Social	579	\$2,568
Governance	586	\$2,545
Products	401	\$588
Total Across All Categories	730	\$5,543

SOURCE: US SIF Foundation.

NOTE: Analysis based on assets of mutual funds, including those underlying variable annuity products, exchange-traded funds and closed-end funds. Some managers incorporate criteria from more than one ESG category, so totals do not sum.

FIGURE 2.16

Leading ESG Criteria for Registered Investment Companies 2018

	Number of Funds	Assets (in Billions)
Environmental—General	107	\$2,424
Social—General	76	\$2,391
Governance—General	84	\$2,327
Climate Change/Carbon	180	\$815
Conflict Risk	104	\$788
Tobacco	230	\$515
Alcohol	183	\$500
Gambling	181	\$357
Pornography	158	\$333
Board Issues	125	\$331
Clean Technology	150	\$241
Green Building/Smart Growth	102	\$215
Total Across All Criteria	730	\$5,543

SOURCE: US SIF Foundation.

NOTE: Analysis based on assets of mutual funds, including those underlying variable annuity products, exchange-traded funds and closed-end funds. Some managers incorporate multiple ESG criteria, so totals do not sum.

criteria, compared with three funds and only \$700 million in total net assets in 2016.

Finally, both the number of **VARIABLE ANNUITIES** incorporating ESG criteria and the associated assets under management held relatively steady compared with two years ago, with 18 funds and \$17 billion in total net assets. However, this is a decline from 2014, when the US SIF Foundation reported 41 funds with \$250 billion in assets under management. The decline since 2014 is due in large part to a single money manager that stopped reporting the number of variable annuities it manages that incorporate ESG criteria.

As shown in Figure 2.15, social criteria constituted the largest ESG category incorporated into the management of registered investment companies in asset-weighted terms, affecting \$2.57 trillion in assets under management across 579 different funds. This was closely followed by environmental criteria at \$2.56 trillion in assets under management; however, 36 more funds incorporated environmental criteria than social factors. Corporate governance criteria were a close third, with \$2.55 trillion in assets under management across 586 funds. Product-specific criteria were considered to a far lesser degree, affecting 401 funds with \$588 billion in net assets.

Figure 2.16 disaggregates the use of ESG criteria by registered investment companies at a more granular level. More than \$2.3

trillion in registered investment company assets integrated general ESG issues without specifying more specific criteria or themes. However, 180 funds with \$815 billion in assets incorporate **climate change or carbon-related** criteria into their investment process, making it the leading specific ESG criterion

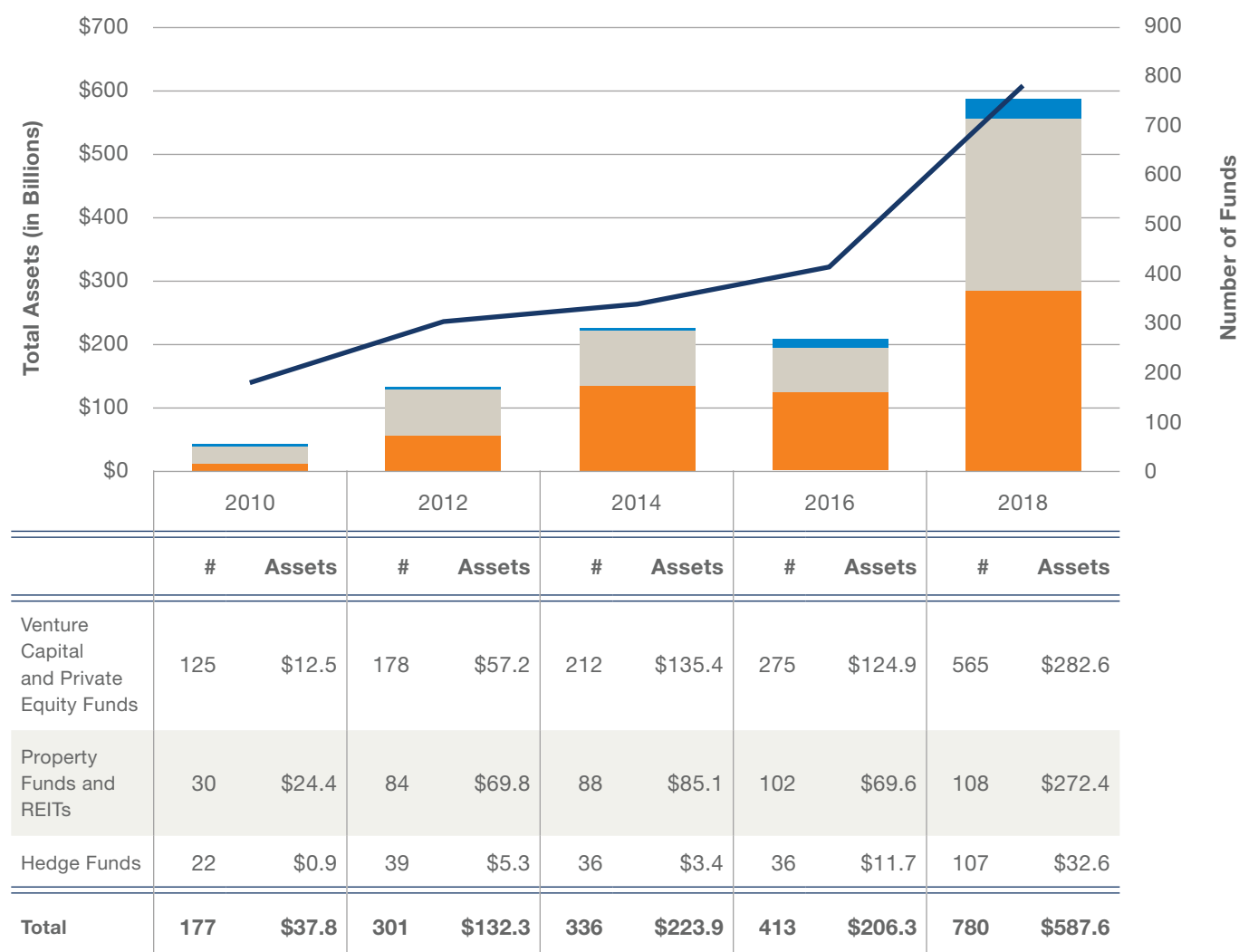
in asset-weighted terms for registered investment companies. The greatest number of registered investment companies—230—had **tobacco-related** restrictions but their combined asset base was lower: \$515 billion. **Conflict risk** criteria, related to terrorist or repressive regimes, affected 104 funds with \$788 billion in

assets making it the second largest specific ESG criterion in asset-weighted terms. Other “sin-stock” product-related screens on **alcohol, gambling** and **pornography** as well as **board-related** governance issues trailed behind tobacco in the \$300-500 billion asset range. Environmental investing criteria related to **clean**

FIGURE 2.17

ESG Incorporation by Alternative Investment Vehicles 2010–2018

Left Axis: ■ Venture Capital and Private Equity Funds ■ Property Funds and REITs ■ Hedge Funds
Right Axis: — Number of Alternative Investment Funds



SOURCE: US SIF Foundation.

NOTE: Asset values are in billions.

FIGURE 2.18

ESG Categories Incorporated by Alternative Investment Vehicles 2018

	Number of Funds	Assets (in Billions)
Environment	748	\$580
Social	475	\$551
Governance	646	\$533
Products	139	\$133
Total Across All Categories	780	\$588

SOURCE: US SIF Foundation.

NOTE: Some managers incorporate criteria from more than one ESG category, so totals do not sum.

FIGURE 2.19

Leading ESG Criteria for Private Equity and Venture Capital Funds 2018

	Number of Funds	Assets (in Billions)
Environmental—General	304	\$269
Governance—General	296	\$268
Social—General	292	\$267
Transparency and Anti-Corruption	114	\$150
Pollution/Toxics	107	\$113
Clean Technology	53	\$112
Military/Weapons	26	\$110
Pornography	26	\$110
Tobacco	25	\$110
Alcohol	24	\$110
Gambling	25	\$109
Total Across All Criteria	565	\$283

SOURCE: US SIF Foundation.

NOTE: Some managers incorporate multiple ESG criteria, so totals do not sum.

technology and **green building and smart growth** affected the management of \$215-\$241 billion in combined assets of more than 100 registered investment companies.

Alternative Investment Vehicles

ESG alternative investment vehicles, which are generally organized as unregistered partnerships and available only to accredited investors, include hedge funds, venture capital and private equity funds, as well as real estate investment trusts (REITs) or other property funds focused on investments in farmland, timberland and real estate. As shown in Figure 2.17, \$588 billion in ESG assets were under the management of 780 alternative investment vehicles at the start of 2018. This is nearly triple the assets identified in 2016, and an 89 percent increase in the number of funds.

ESG assets in alternative investment vehicles nearly tripled over the past two years.

Environmental criteria were the top consideration for alternative fund managers, with 748 funds and \$580 billion in assets under management affected, as shown in Figure 2.18. This is more than double the number of alternative funds and nearly triple the alternative fund assets that took environmental factors into account in 2016. Although product-related criteria affected

FIGURE 2.20

Leading ESG Criteria for Property Funds and REITs 2018

	Number of Funds	Assets (in Billions)
Governance—General	53	\$230
Climate Change/Carbon	45	\$218
Community Relations/ Philanthropy	44	\$211
Pollution/Toxics	20	\$206
Green Building/Smart Growth	39	\$158
Environmental—General	56	\$122
Social—General	55	\$121
Community—Other	8	\$116
Clean Technology	1	\$109
Water	33	\$93
Sustainable Natural Resources/Agriculture	51	\$53
Transparency and Anti- Corruption	10	\$1
Total Across All Criteria	108	\$272

SOURCE: US SIF Foundation.

NOTE: Some managers incorporate multiple ESG criteria, so totals do not sum.

only \$133 billion in assets, this is also a significant increase from 2016 when only 13 alternative vehicle funds with \$79 billion in assets took product criteria into account. Social and governance criteria were each considered by funds representing more than \$530 billion in assets.

PRIVATE EQUITY AND VENTURE CAPITAL FUNDS

more than doubled to 565 funds with \$283 billion in ESG assets

under management. Community development venture capital (CDVC) and many self-described impact investment vehicles are included within this segment. Earlier this year, a consortium of 25 private equity managers launched a new membership network of impact-oriented private equity funds called Impact Capital Managers.

Nearly all the venture capital and private equity fund

assets incorporated general environmental, social and governance criteria, as shown in Figure 2.19. Interestingly, **transparency and anti-corruption** was the top specific ESG factor for private equity managers, in contrast to 2016 when it did not rise to the top 10 issues in terms of the assets affected. **Pollution and toxics**—similarly absent from the top 10 ESG criteria for private equity managers in 2016—now affects \$113 billion in assets; this was closely followed by clean technology at \$112 billion, although the total number of funds was much smaller.

Although the number of **RESPONSIBLE PROPERTY FUNDS** remained largely unchanged since 2016 at 108, total assets increased more than 290 percent to \$272 billion, as shown in Figure 2.20. This makes them the second largest set of alternative investment vehicles tracked in this report. This category includes direct investments in “hard assets,” such as residential property, commercial development, farmland or timberland, as well as equity portfolios managed through REITs.

In 2018, around half of the 108 property funds incorporated general governance criteria into \$230 billion assets under management. **Climate change and carbon** were a close second, considered by 45 funds with \$218 billion in assets. **Community relations and philanthropy, pollution and toxics** and **green**

FIGURE 2.21

Leading ESG Criteria for Hedge Funds 2018

	Number of Funds	Assets (in Billions)
Environmental—General	55	\$32
Governance—General	55	\$32
Social—General	48	\$28
Climate Change/Carbon	66	\$26
Pollution/Toxics	62	\$21
Product Safety	47	\$16
Transparency and Anti-Corruption	18	\$13
Community Relations/Philanthropy	15	\$6
Social—Other	7	\$4
Sustainable Natural Resources/Agriculture	12	\$2
Total Across All Criteria	107	\$33

SOURCE: US SIF Foundation.

NOTE: Some managers incorporate multiple ESG criteria, so totals do not sum.

building were also leading criteria for property and REIT funds. Each of these categories grew by over 240 percent compared with 2016.

Finally, the number of **HEDGE FUNDS** tripled to 107 funds with \$33 billion in net assets, although they remain the smallest of the alternative investment vehicles within the ESG investment universe. As shown in Figure 2.21, \$32 billion in assets (or 99 percent) incorporated either unspecified environmental or governance criteria; general social criteria were incorporated into \$28 billion

of assets. Specific environmental criteria incorporated by hedge funds included **climate change and carbon** as well as **pollution and toxics**.

Other Commingled Funds

OTHER COMMINGLED FUNDS include investment pools that have been commingled for multiple investors but do not readily fit into any other vehicle category used in this report. This miscellaneous category includes:

- privately managed nonprofit trusts;
- loan funds and private debt funds that are not community development financial institutions;
- collective investment trusts; and
- other pooled investment vehicles, generally managed for specific types of institutional investors, such as religious organizations, Taft-Hartley pension plans or other labor union funds.

The category of other commingled funds has become increasingly significant in recent years, as shown in Figure 2.22. In 2018, money managers reported 203 funds with \$753 billion in assets under management, an increase in assets of 16 percent since 2016 and more than 150 percent since 2014. Other commingled funds account for 6 percent of total money manager assets.

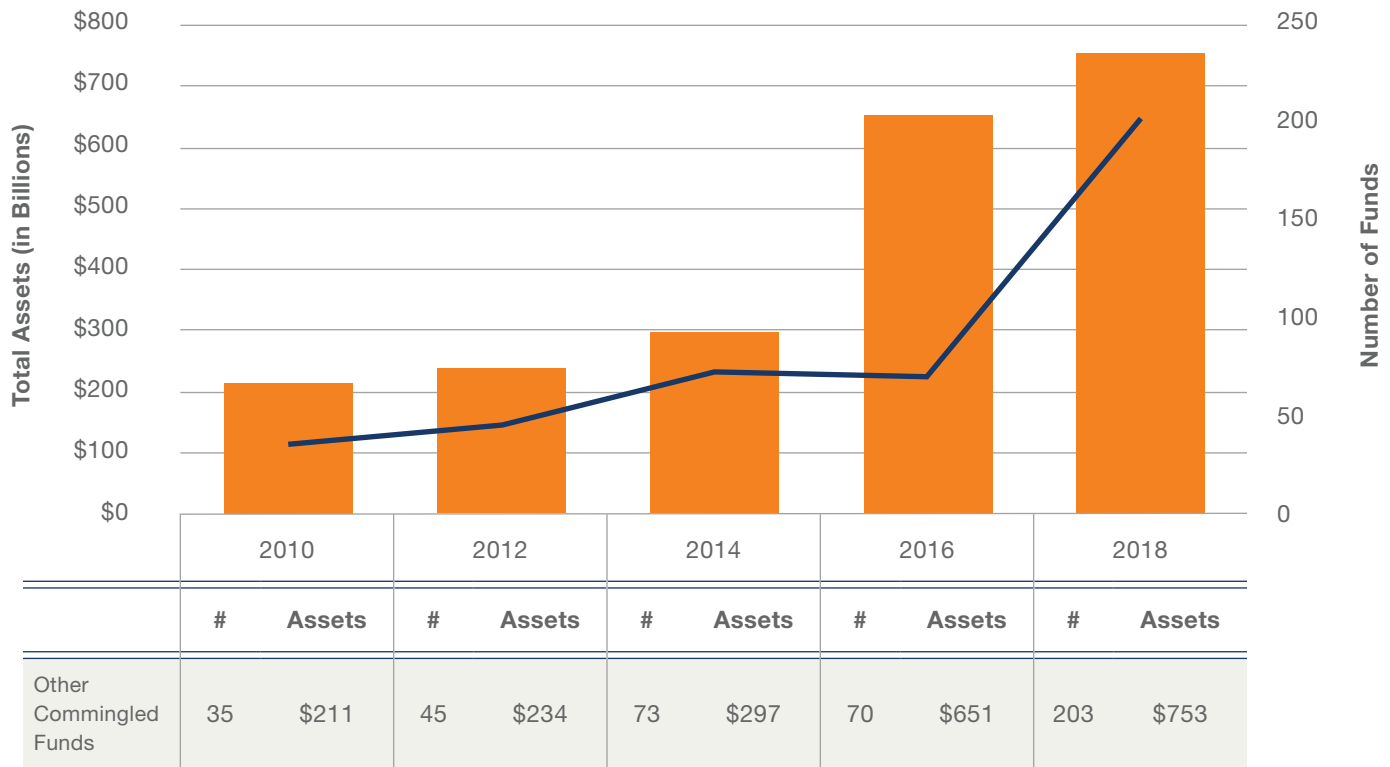
The majority of other commingled fund assets were affected by general, unspecified environmental, social and governance criteria as shown in Figure 2.23. Criteria related to **conflict risk** affected 18 funds with \$592 billion in assets under management. Although **labor-related criteria** affected fewer assets, they were considered by 30 funds. Neither of these specific criteria was considered in the top for other commingled funds in 2016, indicating they are areas of growth.

FIGURE 2.22

ESG Incorporation by Other Commingled Funds 2010–2018

Left Axis: ■ Other Commingled Funds

Right Axis: — Number of Funds



SOURCE: US SIF Foundation.

NOTE: In 2018, we included various loan funds and private debt funds that are not captured in the Community Investing section. Asset values are in billions.

Uncategorized Money Manager Assets

At the beginning of 2018, \$7.50 trillion of the ESG incorporation assets reported by 159 money managers could not be readily attributed to an investment vehicle tracked in this report. This constitutes 64 percent of the total assets reported by money managers in this report, and an increase in assets of 40 percent from 2016. As shown in Figure 2.24, the assets in this “uncategorized” category started to grow in 2014, at the same

time that the PRI began requiring signatories to disclose data in publicly available Transparency Reports. PRI signatories that do not clearly disclose their investment products and vehicles consequently constitute the bulk of these uncategorized money manager assets that reportedly incorporate ESG criteria in some way.

As in the 2016 report, money managers within the uncategorized money manager assets category fell into three, sometimes overlapping groups:

- The first group consisted of money managers who responded to the US SIF Foundation survey and chose the “other/not listed” miscellaneous category rather than one of the investment vehicle categories described earlier in this chapter. Here, managers may have lumped groups of assets together by ESG criteria rather than listing every single product; however, they did disclose specific ESG criteria associated with these unspecified pools of assets.

FIGURE 2.23

Leading ESG Criteria for Other Commingled Funds 2018

	Number of Funds	Assets (in Billions)
Environmental—General	91	\$657
Social—General	83	\$622
Governance—General	82	\$622
Conflict Risk	18	\$592
Products—General	11	\$542
Social—Other	3	\$68
Labor	30	\$55
Tobacco	26	\$55
EEO/Diversity	21	\$50
Pornography	13	\$41
Alcohol	19	\$37
Total Across All Criteria	203	\$753

SOURCE: US SIF Foundation.

NOTE: Some managers incorporate multiple ESG criteria, so totals do not sum.

- In a second group were money managers who applied general ESG incorporation across all of their assets and did not provide an itemization of the funds to which these assets applied.
- A final group consisted of money managers who did not respond to the US SIF Foundation survey, but who did file PRI Transparency Reports. Although these reports ask respondents to provide total assets and to describe their ESG investment policies, they do not require assets to be disaggregated by vehicle type.

At the beginning of 2018, \$7.5 trillion of the ESG incorporation assets reported by 159 money managers could not be readily attributed to an investment vehicle. PRI signatories constituted the bulk of these uncategorized assets.

For the 2018 report, the US SIF Foundation research team was able to connect directly with a number of PRI signatories who were unresponsive in previous

years. In some of these cases, the team was able to get more detailed information about the disclosed assets, including vehicle types. However, with nearly 100 new US-based investment managers joining the PRI during 2016-2017, this category of uncategorized money manager assets is likely to remain a significant percentage of ESG assets until reporting requirements strengthen and response rates increase.

This category of uncategorized money manager assets also includes separate accounts, which comprise 13 percent of the total \$7.5 trillion. Reporting by money managers on separate account assets remains too heterogeneous to track specific vehicles in precise, quantifiable ways. Although some respondents provided detailed information about individual separately managed account strategies, others combined multiple strategies into one entry, which resulted in uneven comparisons across this category.

Despite these difficulties, considerably more detail emerged through the 2018 research on the ESG criteria considered across these separate accounts and other uncategorized money manager assets. While 73 to 76 percent of these assets in 2018 were subject to unspecific general environmental, social and governance criteria, as shown in Figure 2.25, this is less than the comparable 83 to 86 percent reported by the managers of these assets in 2016.

Notably, five of the leading specific ESG criteria cited by these managers at the start of 2018 were absent from the top 10 list in 2016: **tobacco, human rights, military and weapons, labor** and **conflict risk**. Tobacco, moreover, affects \$2.15 trillion in assets, making it the top specific criterion considered.

In addition, the remaining five specific criteria on this top 10

list are now reported to apply to significantly more assets than in 2016. The leading environmental issue, **climate change**, is now considered across \$1.98 trillion of uncategorized money manager assets, a 62 percent increase over the \$1.22 trillion of these assets subject to this criterion in 2016. **Transparency and anti-corruption**, the top specific governance issue, is applied to \$1.90 trillion in assets,

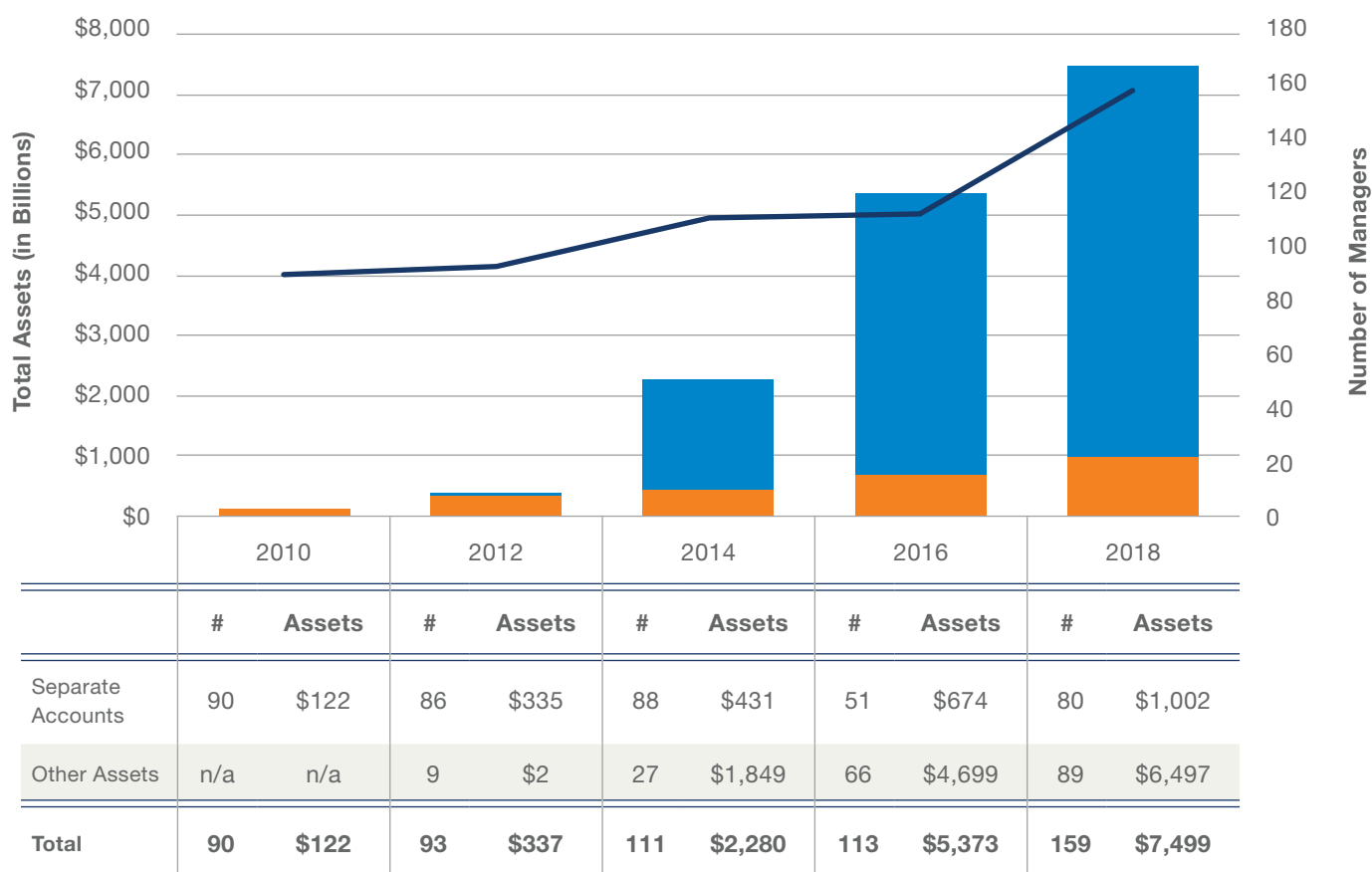
a more than threefold increase from the \$579 billion reported in 2016. **Pollution and toxics** considerations now affect \$1.60 trillion, a 161 percent increase over 2016, while considerations of **sustainable natural resources and agriculture** affect \$1.00 trillion, up 65 percent over the affected assets in 2016. A similar percentage increase was seen in the assets affected by **board issues**.

FIGURE 2.24

ESG Incorporation in Uncategorized Money Manager Assets 2010–2018

Left Axis: ■ Separate Accounts ■ Uncategorized Assets

Right Axis: — Number of Managers

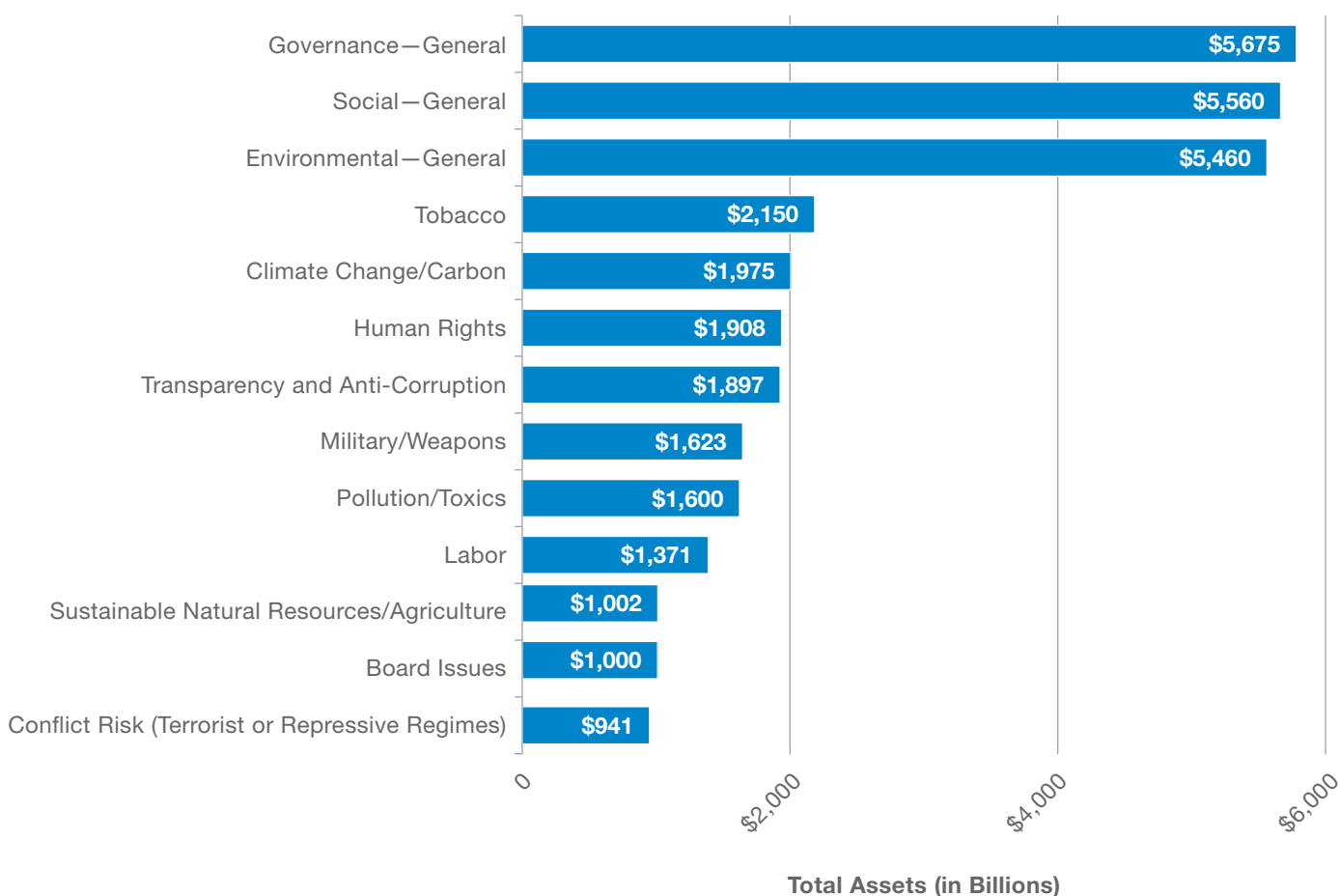


SOURCE: US SIF Foundation.

NOTE: This figure counts the number of firms reporting these assets rather than the number of funds or vehicles involved. Asset values are in billions.

FIGURE 2.25

Leading ESG Criteria, by Assets, for Uncategorized Money Manager Assets 2018



SOURCE: US SIF Foundation.

Community Investing

Community Investing is a vital form of sustainable and impact investing that the US SIF Foundation has tracked for more than two decades.

COMMUNITY INVESTING INSTITUTIONS

In the United States, community investing institutions direct capital to communities and individuals underserved by conventional financial services. They typically provide capital for small

businesses, affordable housing units, charter schools, grocery stores and other community amenities. They also provide responsible lending products and related programs to help consumers avoid the predatory lenders that are often found in low-income areas.

Their numbers include banks, credit unions, loan funds and venture capital funds that are certified and overseen as community development financial institutions (CDFIs) by the CDFI

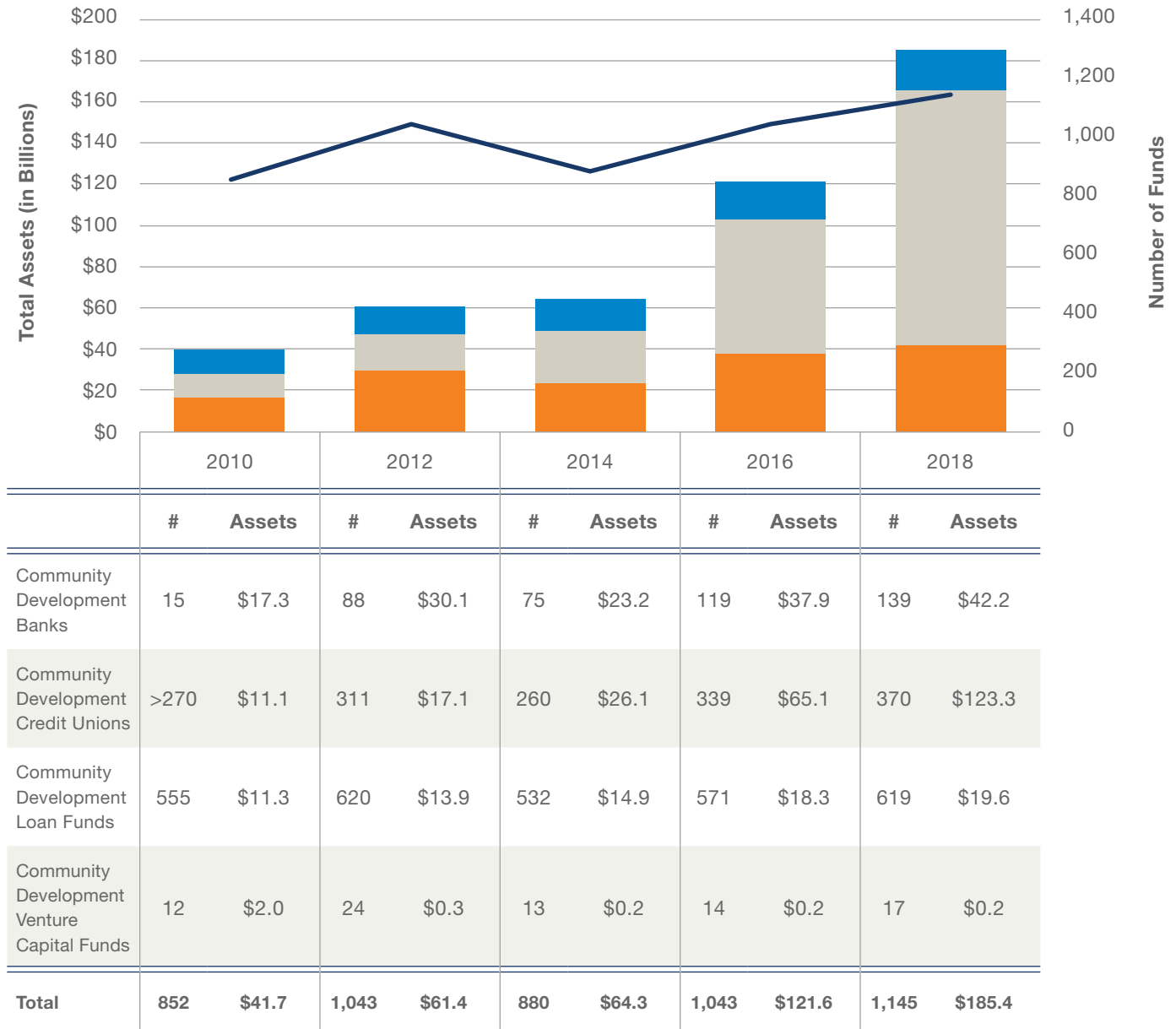
Fund, a division of the US Department of the Treasury. In addition, the community investing institutions tracked by the US SIF Foundation include numerous credit unions not certified as CDFIs but with a longstanding mission of serving lower income communities in the United States.

The US SIF Foundation has also tracked US-based loan funds that provide microfinance lending and other forms of capital to entrepreneurs and small businesses in poorer communities outside the United States.

FIGURE 2.26

Community Investing Institution Assets 2010–2018

Left Axis: ■ Community Development Banks ■ Community Development Credit Unions
■ Community Development Loan Funds ■ Community Development Venture Capital Funds
Right Axis: — Number of Community Investing Institutions



SOURCE: CDFI Fund, National Federation of Community Development Credit Unions, Calvert Impact Capital.

NOTE: Credit unions include all members of the National Federation of Community Development Credit Unions as well as credit unions certified as CDFIs. Loan funds include US-based international microfinance vehicles. Only the assets of banks and venture capital funds that are certified CDFIs are included in this table. Asset values are in billions.

FIGURE 2.27

Other Community-Related Investment by Money Managers 2018

	Registered Investment Companies		Alternatives		Other Commingled Funds		Uncategorized Money Manager Assets	Total
Community-related Criteria	#	Assets (in Billions)	#	Assets (in Billions)	#	Assets (in Billions)	Assets (in Billions)	Assets (in Billions)
Affordable Housing	48	\$35.3	22	\$2.0	9	\$0.5	\$509.4	\$545.7
Community Relations/Philanthropy	49	\$40.6	120	\$315.0	7	\$0.3	\$256.2	\$612.0
Community Services	48	\$58.9	22	\$1.9	7	\$0.2	\$18.3	\$79.4
Fair Consumer Lending	55	\$39.6	15	\$98.2	14	\$8.6	\$23.6	\$170.0
Microenterprise	26	\$21.7	16	\$0.8	15	\$1.0	\$17.3	\$40.9
Place-Based Investing	16	\$31.5	25	\$2.0	3	\$0.1	\$8.6	\$42.3
Small & Medium Businesses	26	\$33.7	41	\$2.2	11	\$0.4	\$15.4	\$51.7
Community—Other	6	\$3.0	6	\$0.6	1	\$0.0	\$222.0	\$225.7
Total Across Community Criteria	100	\$76.5	183	\$319.7	29	\$9.3	\$982.7	\$1,386.5

SOURCE: US SIF Foundation.

NOTE: Some managers incorporate multiple community-related criteria, so totals do not sum.

Figure 2.26 shows that the community investing sector has experienced rapid growth over the last decade, nearly doubling in assets between 2014 and 2016, and growing more than 50 percent from 2016 to 2018. The largest growth in community investing assets has been among community development credit unions, whose assets have nearly doubled since 2016, thanks to an on-going wave of mergers and acquisitions within the sector, as high-performing community development credit unions take over the assets of

other depository institutions that were impaired during the financial crisis a decade ago.

The community investing sector has experienced rapid growth over the last decade, nearly doubling in assets between 2014 and 2016, and growing more than 50 percent from 2016 to 2018.

It should be noted that growth rates between 2014 and 2016 may have been abnormally high due to changes in the certification process that caused many CDFIs to lose certification by the start of 2014, which they subsequently regained later in the year. Controlling for this anomaly, overall growth rates in the community investor sector have been fairly steady since 2010.

COMMUNITY DEVELOPMENT BANKS are regulated banking institutions that operate much like their conventional counterparts,

but focus their lending and banking services in lower-income communities. They typically offer

services available at conventional banks to both individual and business customers, including federally insured savings, checking, money market and individual retirement accounts and certificates of deposit.

According to the CDFI Fund, 139 CDFI-certified community development banks held \$42.2 billion in assets by the start of 2018, as shown in Figure 2.26.

COMMUNITY DEVELOPMENT CREDIT UNIONS (CDCUs) are regulated depository institutions that are member-owned and cooperatively controlled. CDCUs offer federally insured accounts and other financial services offered by conventional credit unions but are mission-driven to responsibly serve low-income and other underserved communities.

According to the National Federation of Community Development Credit Unions, there were 370 CDCUs with \$123 billion in combined assets at the outset of 2018.

COMMUNITY DEVELOPMENT LOAN FUNDS (CDLFs) pool investments from individuals and institutions to further community development, often in specific

geographic regions. Unlike depository institutions like banks and credit unions, CDLFs do not have federally insured deposits but they take many other steps to safeguard investor money, including using collateralized loans, setting aside loan loss reserves, and pledging the institution's or fund's net worth to protect against investor losses. International loan funds, which represent a subset of CDLFs for the purposes of this report, focus their lending and equity investments overseas, typically providing or guaranteeing small or microfinance loans to entrepreneurs and small businesses.

At the outset of 2018, \$19.6 billion was invested in 619 community development loan funds based in the United States. Of this sum, \$14.6 billion was invested in domestic loan funds certified as CDFIs. The balance of \$5.0 billion, according to data provided by Calvert Impact Capital, represents the assets of loan funds managed by US-based international microfinance organizations.

COMMUNITY DEVELOPMENT VENTURE CAPITAL (CDVC) is a form of private equity investment targeted at financially underserved low- and moderate-income communities that seeks to generate good jobs, wealth and entrepreneurial capacity. As a

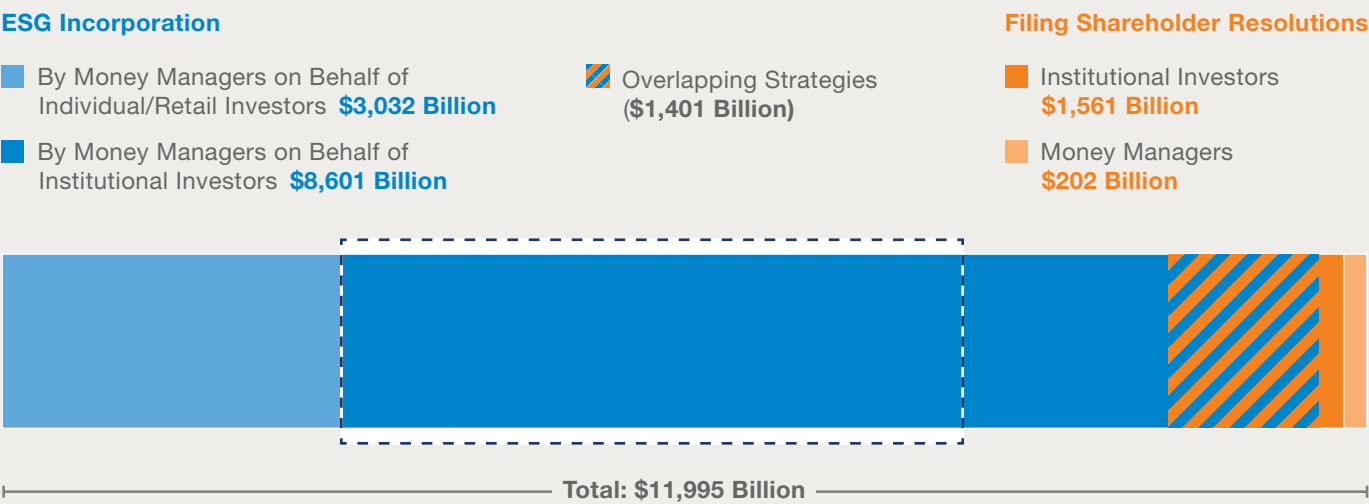
form of private equity, community development venture capital funds are also analyzed as part of the alternative investment vehicles discussed previously (but before aggregation, the assets of these funds are controlled for any potential effects of double counting). Within this category, 17 CDVC funds with \$239 million in assets under management were certified as CDFIs by the start of 2018.

OTHER FORMS OF COMMUNITY-RELATED INVESTMENT

In addition to the four types of community investing institutions previously described, community-related investing criteria and themes are considered across numerous investment vehicles and asset classes. As Figure 2.27 shows, investment vehicles with \$1.39 trillion in total assets say they incorporate some form of community-related criteria. Most of these assets—\$983 billion—were in uncategorized vehicles. The most significant community-related criterion for these uncategorized vehicles was affordable housing, affecting more than \$500 billion in assets. Alternative funds accounted for the second largest pool of assets—\$320 billion—considering community criteria, and registered investment companies applied community-related criteria across \$77 billion in assets.

III. ESG Incorporation by Institutional Investors

FIGURE 3.0
Sustainable and Responsible Investing Assets 2018



SOURCE: US SIF Foundation.

***NOTE:** To better understand how and why institutional asset owners incorporate ESG criteria into their investment analysis and portfolio selection, the US SIF Foundation gathered data on or from 496 institutional investors. The ESG assets identified through this research totaled \$5.61 trillion, equivalent to 65 percent of the \$8.60 trillion that money managers identified as institutional among their ESG assets.

To understand how and why institutional asset owners incorporate environmental, social and governance (ESG) criteria into their investment analysis and portfolio selection, the US SIF Foundation gathered detailed data on or from 496 institutional investors in nine categories. These were public funds, insurance companies, educational institutions, philanthropic foundations, labor funds, hospitals and healthcare plans, faith-based institutions, other nonprofits, and family offices.

The assets subject to ESG criteria that were identified through this research totaled \$5.61 trillion, equivalent to 65 percent of the \$8.60 trillion in ESG assets that money managers identified as institutional shown in Figure 3.0. Because money managers do not disclose information about their institutional clients, this subset of data on institutional investors provides the basis for the analysis of institutional ESG investing trends in this chapter.

The \$5.61 trillion in ESG assets reported by institutional investors represents a 19 percent increase over the corresponding total the US SIF Foundation identified in 2016 among 477 institutions.

Continuing a trend first observed in 2010, policies related to conflict risk countries, primarily

Sudan and Iran, affect the largest pool of institutional investor assets. In addition, institutional investors collectively consider tobacco and climate change factors across more than \$2 trillion in assets each.

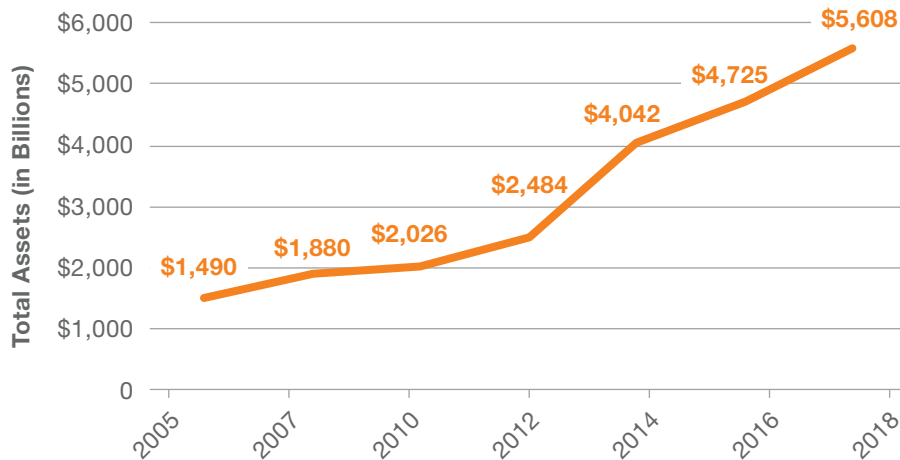
This chapter, which draws from institutional investors' direct survey responses or from their public information, is divided into two main sections. The first examines the leading themes, strategies and motivations institutional investors report for incorporating ESG criteria into asset management. The second provides a more detailed analysis of how ESG incorporation is practiced within the nine segments of institutional asset owners in descending order of their collective ESG assets.

Key Trends

- In asset-weighted terms, the restriction of investments in companies doing business with **conflict risk** countries, primarily Sudan and Iran, remains the top ESG factor institution asset owners incorporate into their investments.
- **Climate change and carbon emissions** is the leading environmental issue for institutions, who take this issue into account in portfolios totaling \$2.24 trillion, compared with \$2.15 trillion in 2016.
- Another leading environmental issue considered by investors is **green building and smart growth**, reflected in \$1.32 trillion and up 74 percent since 2016.

FIGURE 3.1

Growth of ESG Incorporation Reported by Institutional Investors 2005–2018



SOURCE: US SIF Foundation.

- The top governance criteria for institutional investors, **board-related issues** and **executive pay**, are now applied to approximately \$1.7 trillion in assets, up about 40 percent from 2016. Assets incorporating the consideration of **political contributions** increased 65 percent to \$1.65 trillion.
- Prominent social issues for institutional investors are **equal employment opportunity and diversity**, assessed in \$1.61 trillion and up 128 percent, while **labor** issues are reflected in \$1.55 trillion, an increase of 42 percent. Investment criteria related to **human rights** concerns are factored in \$1.45 trillion in institutional owner assets in 2018, up 25 percent since 2016.
- Investment policies restricting investments in **military and weapons** companies affect just over \$1.5 trillion in assets, a 78 percent increase from the

\$845 billion in 2016, and an almost 2,000 percent increase since 2012.

- **Tobacco**, a sustainable investment issue for decades, affects \$2.56 trillion in institutional investor capital.

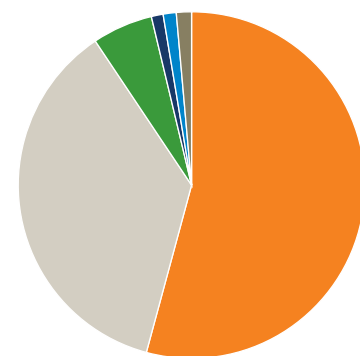
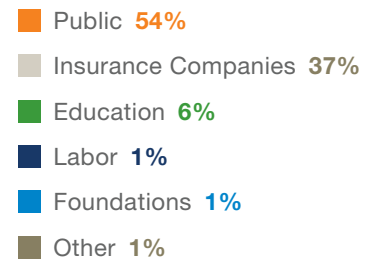
Background

Through the US SIF Foundation survey process, institutions could select up to 32 criteria considered by each of their plans, broken into environmental, social (including community), governance and product-related categories. They also had the option to specify any other ESG criteria they considered.

The manner in which investors incorporate each of these criteria varies. For example, “tobacco,” “military/weapons” and “fossil fuel” signify industries or sectors that investors may seek to avoid. Criteria such as “clean

FIGURE 3.2

Institutional Investor ESG Assets, by Investor Type, 2018



SOURCE: US SIF Foundation.

NOTE: Other consists of family offices, healthcare institutions, faith-based institutions and other nonprofits that collectively represent about 1 percent of ESG assets in 2018.

technology” and “place-based investing” may be selected by investors actively pursuing investment in these fields. Other criteria such as “labor,” “EEO/diversity” and “sustainable natural resources” may represent metrics upon which investors evaluate companies. Appendix 1, the Glossary of Environmental, Social and Governance Criteria, provides a more thorough explanation of each of the ESG issues discussed in this report.

The assets to which institutional investors report they apply ESG criteria have risen 19 percent since 2016 and 276 percent since 2005 and 185 percent since 2010. (See Figure 3.1.)

FIGURE 3.3

Types of Institutional Investors Incorporating ESG Criteria 2010–2018

Left Axis: Public Insurance Companies Education Healthcare Faith-based Foundation
Other/Nonprofit Family Office Labor

Right Axis: Number of Institutional Investors

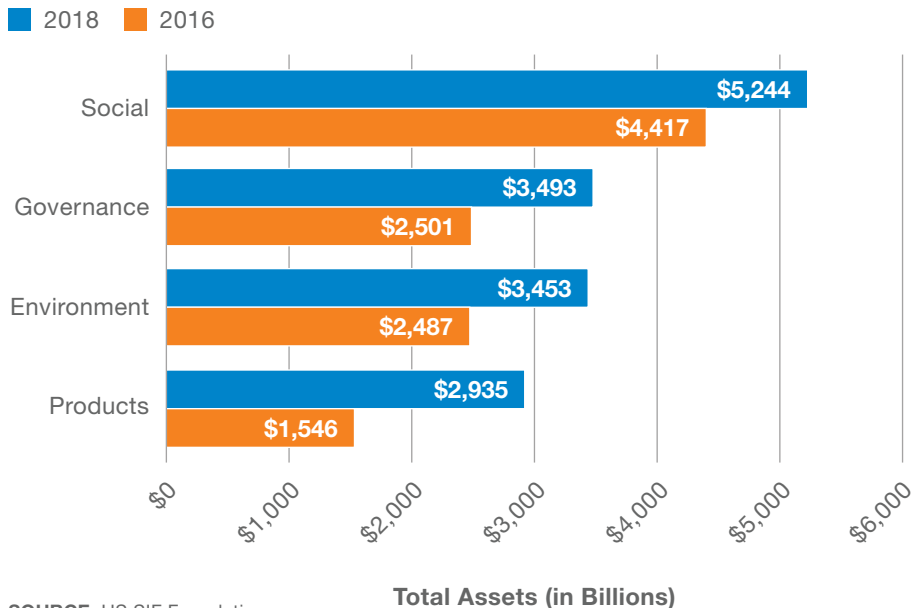


SOURCE: US SIF Foundation.

NOTE: Asset values are in billions.

FIGURE 3.4

ESG Categories Incorporated by Institutional Investors 2016–2018

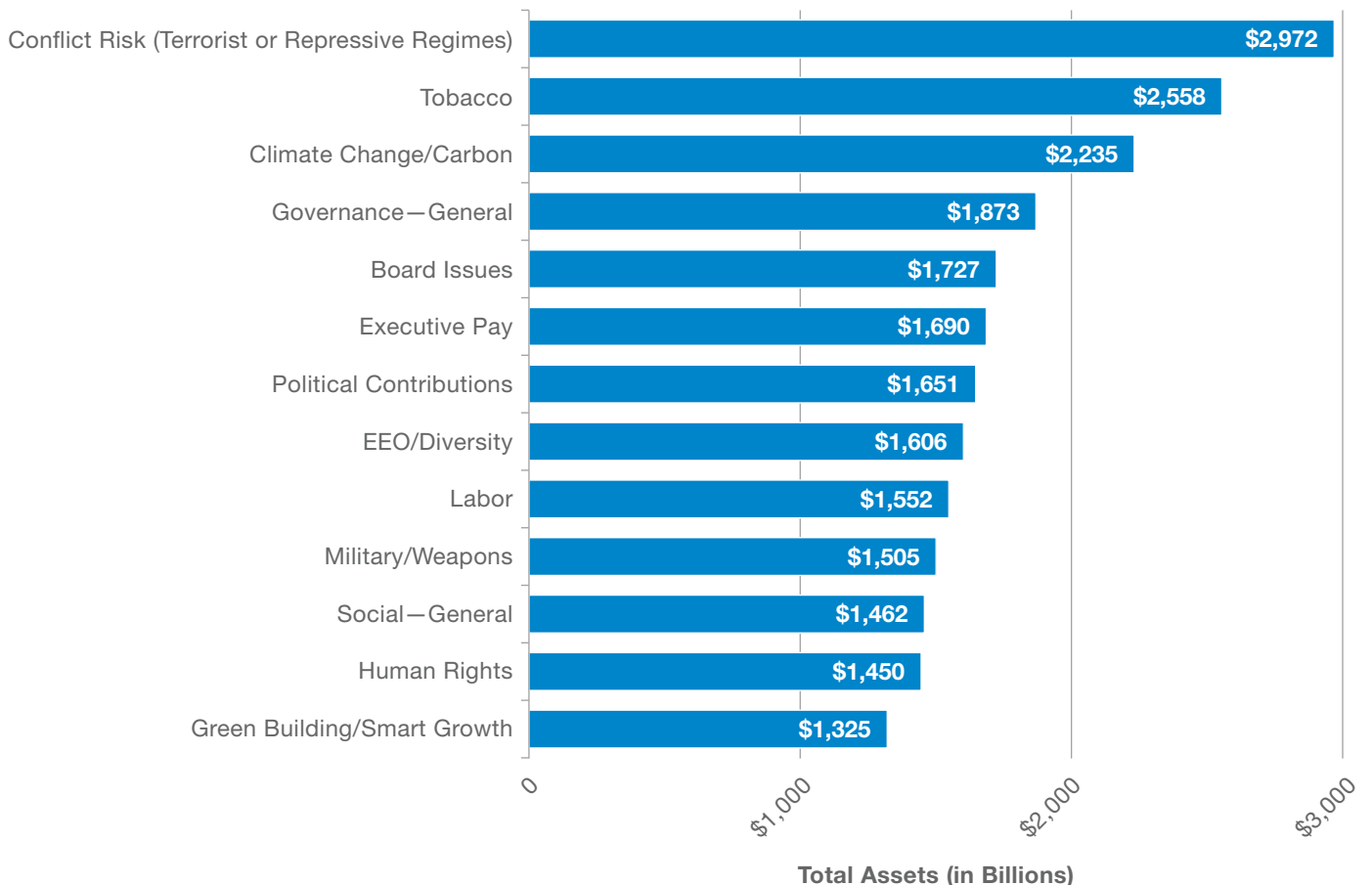


SOURCE: US SIF Foundation.

Public funds represent both the largest value of ESG assets under management and the largest number of institutional investors incorporating some form of ESG in their investments. Insurance companies rank second in value of ESG assets under management, although only a few institutions are involved. These two segments each represent over \$2 trillion in ESG assets. Foundations represent the second largest number of institutions engaged in any kind of sustainable, responsible and impact investing, although the affected assets are far less. (See Figures 3.2 and 3.3.)

FIGURE 3.5

Leading ESG Criteria Reported by Institutional Investors, by Assets 2018

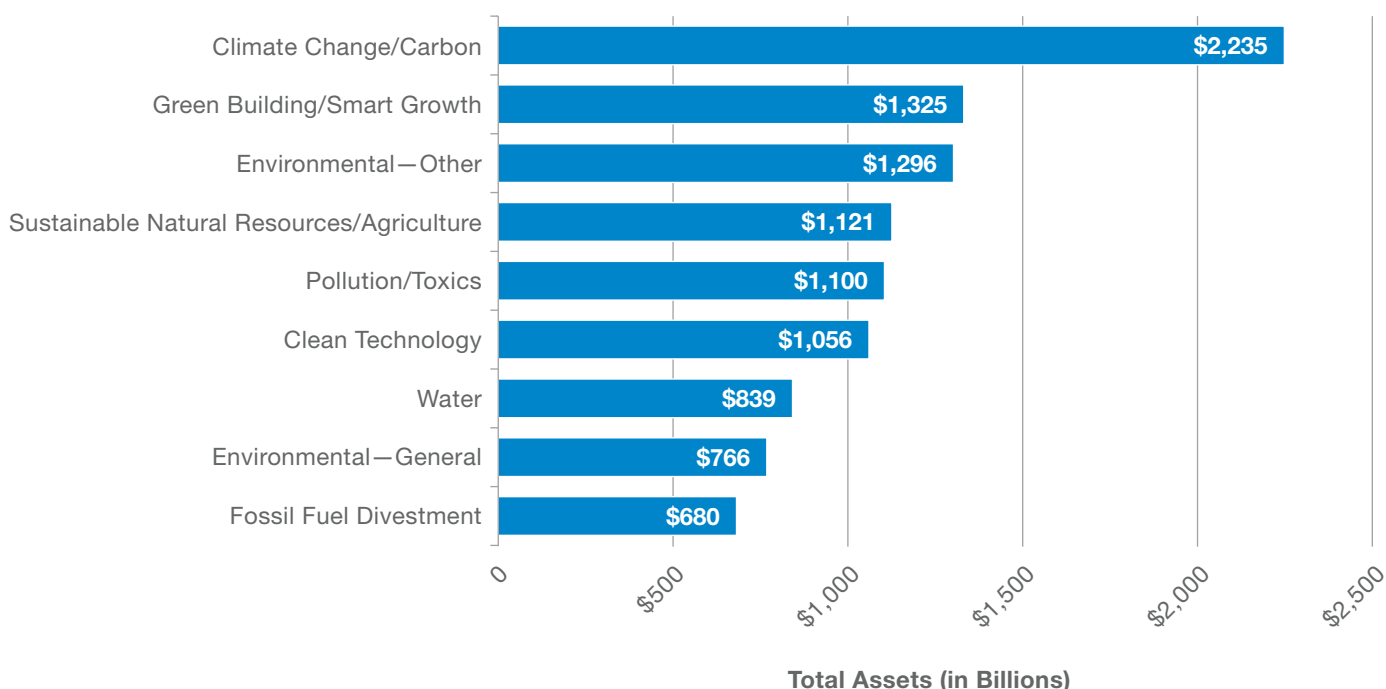


SOURCE: US SIF Foundation.

NOTE: Some institutional investors reporting that they have adopted strategies of ESG incorporation, but without specifying which specific ESG issues they consider, account for the assets in the “General” environmental, social and governance categories.

FIGURE 3.6

Leading Environmental Criteria for Institutional Investors 2018



SOURCE: US SIF Foundation.

A Closer Look at Themes, Strategies and Motivations

As shown in Figure 3.4, the 496 institutional investors reflected in this chapter collectively apply various social criteria to \$5.24 trillion in assets. Governance and environmental considerations affect a smaller sum of institutional investor assets at just under \$3.5 trillion each. Policies related to products, such as restrictions on tobacco or weapons investments, affect more than \$2.9 trillion. Of these four broad categories, the institutional assets subject to product-related exclusions has grown the most since 2016 in absolute and relative terms.

Figure 3.5 shows the leading environmental, social and governance issues for institutional investors as a whole, in asset-weighted terms. Continuing a trend first observed in 2014, several institutional investors in 2018 reported that they incorporate environmental, social or governance issues generally, but without specifying which particular ESG issues they consider. Institutions also had the option to check “other” to convey factors considered that were not listed in the survey.

ENVIRONMENTAL ISSUES

Environmental issues continue to gain attention among institutional investors. In 2018, the US SIF Foundation identified \$3.45 trillion

in institutional assets associated with environmental criteria, almost one trillion dollars more than the \$2.49 trillion identified in 2016. Investment portfolios with one or more environment-related criteria are now managed by 253 institutional investors, compared with 217 identified in 2016. Figure 3.6 shows the most important environmental criteria, in asset weighted terms, for institutional investors in 2018.

Climate change and carbon emissions remain the most important environmental issue, a trend that began in 2012. The assets affected increased from \$2.15 trillion in 2016 to \$2.24 trillion in 2018.

The 21st Conference of the Parties (COP21) of the United Nations Framework Convention on Climate Change, commonly referred to as the 2015 Paris Climate Conference, rallied investors on this issue. Although the US government announced in June 2017 that it would withdraw from the agreement, a range of other entities, including state and city governments as well as businesses, took action to demonstrate their commitment to reducing carbon emissions. New initiatives engaging on this issue include America's Pledge, the US Climate Alliance and the We Are Still In declaration. Investor scrutiny of climate risk is likely to continue. The Investor Agenda, formed in 2018, is a global coalition of investors representing more than \$32 trillion in assets that have agreed to pursue investments, corporate engagement and policy advocacy to achieve the goals of the Paris Climate Accord.

The Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TFCD) has also supported investors seeking to incorporate climate change criteria into their investment decisions. In June 2017, the TFCD released its final recommendations on how investors and companies can more effectively provide climate-related disclosures in their annual financial filings. The recommendations aim to increase transparency, accurately price carbon risk and appropriately allocate capital.¹

Criteria related to **green building and smart growth**

are the second most common environmental issue, affecting \$1.33 trillion in assets, followed by **sustainable natural resources and agriculture** (\$1.12 trillion), **pollution and toxics** (\$1.10 trillion) and **clean technology** (\$1.06 trillion). Among the "environmental—other" criteria, over 20 institutional investors specified water and said they considered it across assets totaling \$839 billion.

Criteria related to climate change and carbon emissions remain the most important environmental issue in asset-weighted terms, a trend that began in 2012.

Fossil fuel divestment policies are applied to \$680 billion in assets under management, a 372 percent increase from the \$144 billion identified in 2016. The US SIF Foundation's 2018 survey was the third to track institutional investors that divested in some way from fossil fuels. This included divesting from the largest oil, gas and coal corporations in terms of proven carbon reserves or from companies developing coal or tar sands projects. The assets under management affected by such policies have expanded significantly: just \$14 billion was identified in 2014. A range of campaigns led by 350.org, Divest-Invest Philanthropy, university student groups, state lawmakers and city level grassroots organizations have moved scores of institutional investors to address this issue.

Institutional investors, primarily insurance companies, identified other environmental issues (besides water) that were not listed as response options in the survey, including biodiversity impacts and issues related to energy, chemicals, mining and utility companies.

SOCIAL ISSUES

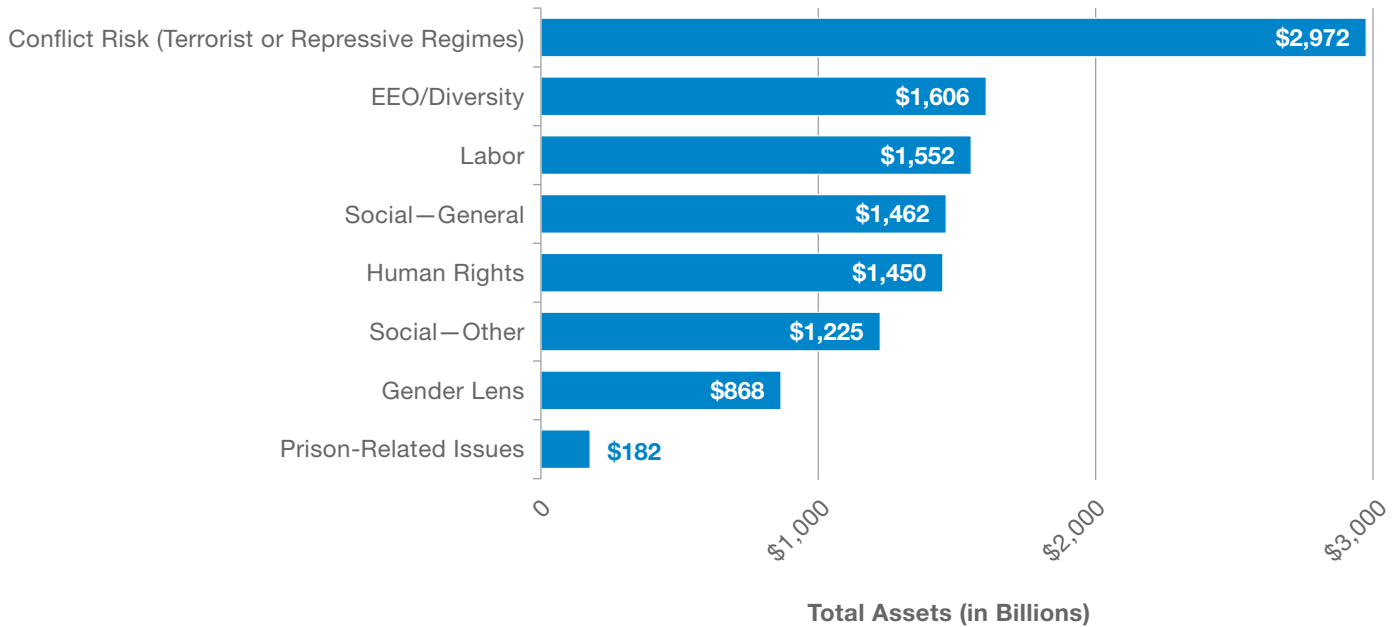
Concerns over social issues affect the largest share of ESG assets—\$5.24 trillion at the beginning of 2018, a 19 percent increase in such assets since 2016.

As shown in Figure 3.7, investment policies related to **conflict risk** (terrorist or repressive regimes) affect \$2.97 trillion, making it the single most prominent ESG criterion in asset-weighted terms, as it has been since 2010. In 2018, the US SIF Foundation identified 219 institutions that applied this criterion, primarily toward Sudan and Iran. The majority of these institutions are public funds complying with legislation to restrict investments in companies doing business in these countries.

Sudan has been the site of conflict for many years. In 2017, the United States relaxed sanctions first imposed two decades ago. Though it is now legal for US companies to sell goods and services to Sudan, government-sponsored attacks on civilians in Darfur have resumed in recent months, not only in villages, but also in internally displaced people's camps.² In addition, Sudan remains on the US State Department's list of state sponsors of terrorism.³ The

FIGURE 3.7

Leading Social Criteria for Institutional Investors 2018



SOURCE: US SIF Foundation.

International Criminal Court arrest warrants for President Omar al-Bashir and other senior ministers remain outstanding for genocide, war crimes and crimes against humanity. As a result, many investment institutions continue to restrict investments in Sudan. The Investors Against Genocide initiative provides investors with information and resources to avoid companies in targeted sectors in Sudan.

Iran, on the other hand, concerns many institutional investors because of its nuclear program activities. It also remains on the US State Department's list of state sponsors of terrorism. In 2018, the Trump Administration abandoned the 2015 nuclear deal with Iran signed by the Obama administration and several other Western countries and reinstated

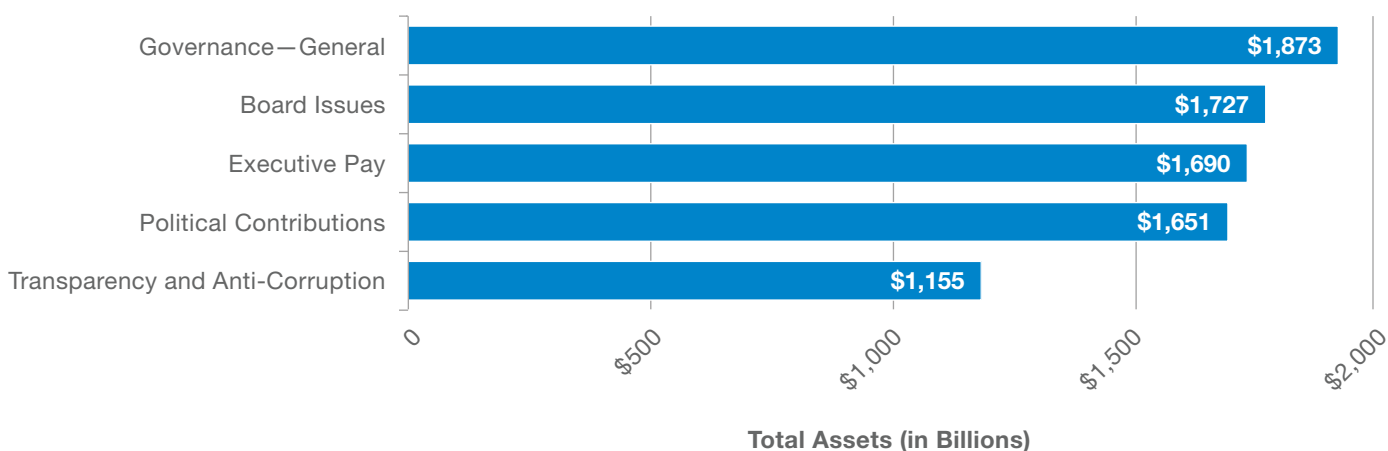
all the sanctions that had previously been revoked. Even while the United States was still a part of the 2015 Iran nuclear deal, most state level economic sanctions remained in place.

Policies on **equal employment opportunity and diversity** are reflected in \$1.61 trillion, increasing 128 percent from \$707 billion of institutional assets in 2016. Criteria related to **labor**—including consideration of companies' workplace health and safety protections, employee retention programs and union relations—affected \$1.55 trillion in assets, an increase of 42 percent from 2016. Criteria related to **human rights** concerns—beyond repressive regimes—affected \$1.45 trillion in institutional owner assets in 2018, compared with \$1.16 trillion identified in 2016.

Another prominent issue is **gender lens investing**, which is factored into \$868 billion in assets, more than double the \$397 billion identified in 2016. In the last several years, institutional investors have increasingly sought investment products across asset classes that focus on companies that help women advance and on organizations that assist women and their families living in poverty or in under-served communities. Since late 2017, numerous sexual assault allegations against high profile individuals in political office and in the entertainment, media and other industries have led to mainstream media discussions on gender lens investing and increased awareness among general audiences of this investment strategy.

FIGURE 3.8

Leading Governance Criteria for Institutional Investors 2018



SOURCE: US SIF Foundation.

Prison-related issues affected \$182 billion in institutional assets, a more than four-fold increase from the \$43 billion identified in 2016. Prison-related criteria can involve the consideration of risks associated with for-profit prison companies and with companies providing services to prisoners at predatory pricing, or the social costs of companies refusing to hire ex-prisoners. A number of investment institutions along with various advocacy groups have expressed concern about private prison companies because of their profit incentive to incarcerate people, particularly those from communities of color and immigrant communities.⁴ Studies have also shown patterns of human rights abuse in private prisons.⁵ In 2017, the US Justice Department reversed the Obama Administration's 2016 directive to phase out the federal government's use of private prisons. The inspector general under the former administration

found that private prisons did not save costs or provide the same level of security as public prisons.

Prison-related issues affected \$182 billion in institutional assets, a more than four-fold increase from the \$43 billion identified in 2016.

CORPORATE GOVERNANCE

Institutional asset owners applied governance criteria to \$3.49 trillion of investments at the beginning of 2018, compared with \$2.50 trillion at the start of 2016. Figure 3.8 presents the top governance criteria for institutional investors.

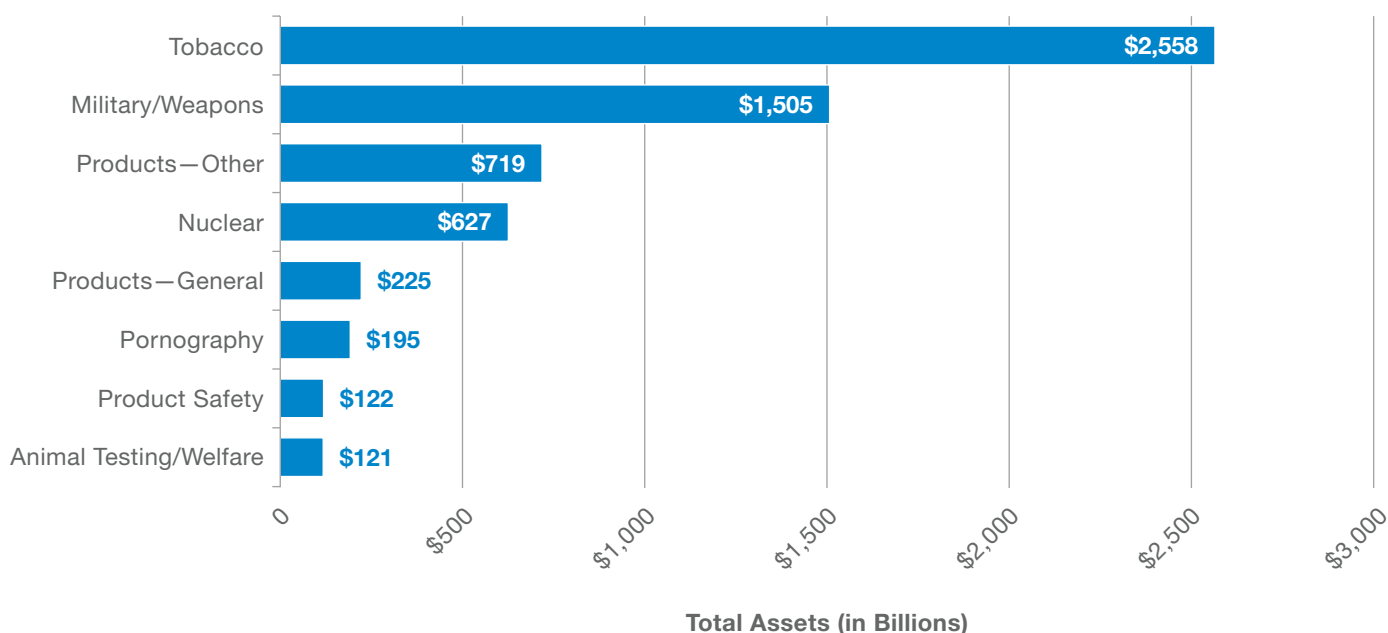
For those institutional investors that identified specific governance criteria informing their investment policies and practices, **board issues** top the

list in asset-weighted terms, affecting \$1.73 trillion in assets, a 40 percent increase from the \$1.24 trillion identified in 2016. This was also the top specific criterion in 2016. Board issues include directors' independence, diversity and responsiveness to shareholders.

Consideration of **executive pay** affects \$1.69 trillion in assets compared with \$1.20 trillion two years before, an increase of 41 percent. Policies assessing companies' oversight and disclosure of **political contributions** and lobbying affect \$1.65 trillion, a 65 percent increase since 2016. **Transparency and anti-corruption**, involving the consideration of companies' policies to prevent bribery, racketeering and other corrupt practices, affects \$1.16 trillion, increasing 120 percent from the \$528 billion identified in 2016.

FIGURE 3.9

Leading Product-Related Criteria for Institutional Investors 2018



SOURCE: US SIF Foundation.

PRODUCT-RELATED CRITERIA

The avoidance of investments in certain products that are seen as detrimental or controversial is one of the oldest strategies of sustainable and responsible investing. As of the beginning of 2018, product-related criteria affected \$2.94 trillion, up 90 percent from the \$1.55 trillion in assets identified at the start of 2016. Figure 3.9 shows the leading product-related criteria for institutional investors. In line with past years, **tobacco** remains the most prominent product issue in asset-weighted terms, affecting \$2.56 trillion in institutional investor assets.

A major trend since 2012 is the dramatic growth in institutional assets to which **military and weapons** criteria are applied.

A number of public funds and other institutions have established policies to divest from gun manufacturers.

Mass shootings in the United States have seemingly become a regular feature in our society. Mass shootings have occurred at various locations in the country, including public and military service centers, churches and entertainment venues. The largest mass shooting in modern US history took place October 2017 in Las Vegas, when a shooter killed 59 people and wounded almost 500 more at a country music festival. In 2012, 20 children and six adults were killed by a lone gunman who entered Sandy Hook Elementary School in Newtown, Connecticut.

The high school shooting in Parkland, Florida, that resulted in 17 deaths in February 2018 gained widespread attention as its students protested and called on policymakers for gun reform regulation.

Following these tragedies, a number of public funds and other institutional investors reviewed their investment portfolios' weapons holdings and established policies to divest from gun manufacturers. These include the California Public Employees' Retirement System (CalPERS), California State Teachers' Retirement System (CalSTRS), the Chicago Public School Teachers' Pension and Retirement Fund, and the New York City Employees' Retirement System, among others. For this report, the US SIF Foundation

FIGURE 3.10

ESG Incorporation Strategies by Institutional Investors 2018

	Number of Institutional Investors	% of Institutional Investors Responding	Affected Assets (in Billions)
ESG integration: the systematic and explicit inclusion by investment managers of ESG risks and opportunities into traditional financial analysis	52	60%	\$537
Negative/exclusionary: the exclusion from a fund or plan of certain sectors or companies based on specific ESG criteria	60	70%	\$441
Sustainability themed investing: the selection of assets specifically related to sustainability in single- or multi-themed funds	47	55%	\$14
Positive/best-in-class: investment in sectors, companies or projects selected for positive ESG performance relative to industry peers	53	62%	\$10
Impact investing: targeted investments aimed at solving social or environmental problems	61	71%	\$4
Total Responding	86		\$615

SOURCE: US SIF Foundation.

NOTE: Some institutions disclosed using multiple strategies within funds, so affected assets may overlap and percentages do not sum.

FIGURE 3.11

ESG Incorporation by Asset Class by Institutional Investors 2018

	Number of Institutional Investors	Affected Assets (in Billions)	Percent of ESG Assets
Publicly Traded Equity	68	\$263	56%
Other (e.g. Cash, Private Assets, Real Assets)	62	\$116	24%
Publicly Traded Bonds or Fixed Income	70	\$94	20%
Total Responding	79	\$473	100%

SOURCE: US SIF Foundation.

NOTE: Some institutions reported investing in more than one asset class, so totals do not sum.

FIGURE 3.12

Passive vs. Active ESG Asset Management by Institutional Investors 2018

	Number of Institutional Investors	Affected Assets (in Billions)	Percent of ESG Assets
Actively Managed	36	\$352	71%
Passively Managed	42	\$146	29%
Total Responding	42	\$498	100%

SOURCE: US SIF Foundation.

NOTE: Some institutional investors reported using both active and passive management across their ESG assets, so totals do not sum.

identified 92 institutional investors that apply this criterion, compared with 85 in 2016.

At the start of 2018, policies restricting investments in military and weapons companies affected just over \$1.5 trillion in assets, a 78 percent increase from \$845 billion two years earlier, and an almost 2,000 percent increase from 2012. Public funds accounted for \$944 billion of these assets, followed by insurance companies with \$491 billion. This is also a prominent issue for a number of other institutional investors, including faith-based institutions (\$19 billion in affected assets), hospitals and healthcare plans (\$15 billion), philanthropic foundations (\$13 billion), educational institutions (\$13 billion), nonprofit organizations (\$7.8 billion) and family offices (\$2.4 billion).

Avoidance of companies involved in **nuclear power** affected \$627 billion in assets, a 237 percent increase from 2016. Policies for restricting investments in **pornography**-related companies

affected \$195 billion in assets, while investment criteria related to **product safety** and to **animal welfare and testing** each affected more than \$120 billion.

STRATEGIES FOR ESG INCORPORATION

A subset of 86 institutions out of the 496 captured in this report voluntarily disclosed additional information about the ESG incorporation strategies they use. As shown in Figure 3.10, ESG integration, practiced by 60 percent of the respondents to this question, affect the largest portion of assets under management—at \$537 billion.

At least 70 percent of these institutional investors use either impact investing or negative screening. However, the assets they reported under impact investing strategies were low: just \$4 billion, compared with \$441 billion for negative/exclusionary screening.

Public funds primarily use negative screening only, whereas philanthropic foundations, faith-

based institutions and family offices use the full range of strategies.

This year's survey for the first time included questions regarding the asset class breakdown of institutional investors' ESG assets, and whether these assets are actively or passively managed. A different subset of institutions responded to these two questions.

Seventy-nine institutional investors voluntarily disclosed information about the asset class breakdown of their ESG assets, as shown in Figure 3.11. Among this group, 68 institutions had \$263 billion of their aggregate ESG assets in publicly traded equities, while 70 institutions had \$94 billion of their aggregate ESG assets in fixed income. Sixty-two institutions invested in other asset classes, such as cash and private assets, for \$116 billion of their aggregate ESG assets.

Forty-two institutional investors voluntarily disclosed information about their use of passive versus active management strategies as shown in Figure 3.12. All the

FIGURE 3.13

Reasons Institutional Investors Report Considering ESG Factors 2018

Reason	Number of Institutions	% of Institutions Responding	ESG Assets (in Billions)
Risk	47	51%	\$1,009
Returns	42	46%	\$1,005
Fiduciary Duty	42	46%	\$966
Regulatory Compliance	15	16%	\$802
Mission	76	83%	\$617
Client Demand	26	28%	\$588
Social Benefit	72	78%	\$19
Sustainable Development Goals	21	23%	\$4
Total Responding	92		\$1,021

SOURCE: US SIF Foundation.

NOTE: Institutions cited multiple rationales, so affected assets and number of institutional investors overlap.

institutions in this group used passively managed strategies across at least some of their holdings, and a smaller number of respondents—though still a majority—also employed active management strategies. Of the nearly \$500 billion in combined ESG assets reported by these respondents, the breakdown between passive and active management was 29 percent and 71 percent, respectively.

MOTIVATIONS FOR ESG INCORPORATION

A subset of 92 institutions, representing about one-fifth of the institutional investors with ESG assets, responded to an additional series of questions about why they incorporate ESG

criteria into their investments. These institutions accounted for \$1.02 trillion in ESG assets.

As Figure 3.13 highlights, the two top motivations, in asset-weighted terms, were managing risk and improving returns over time, each affecting \$1.01 trillion in ESG assets. Fulfilling fiduciary duty and meeting regulatory or legislative compliance followed, affecting \$966 billion and \$802 billion respectively. The majority of these assets are attributable to public funds, although fewer than a dozen responded to this question.

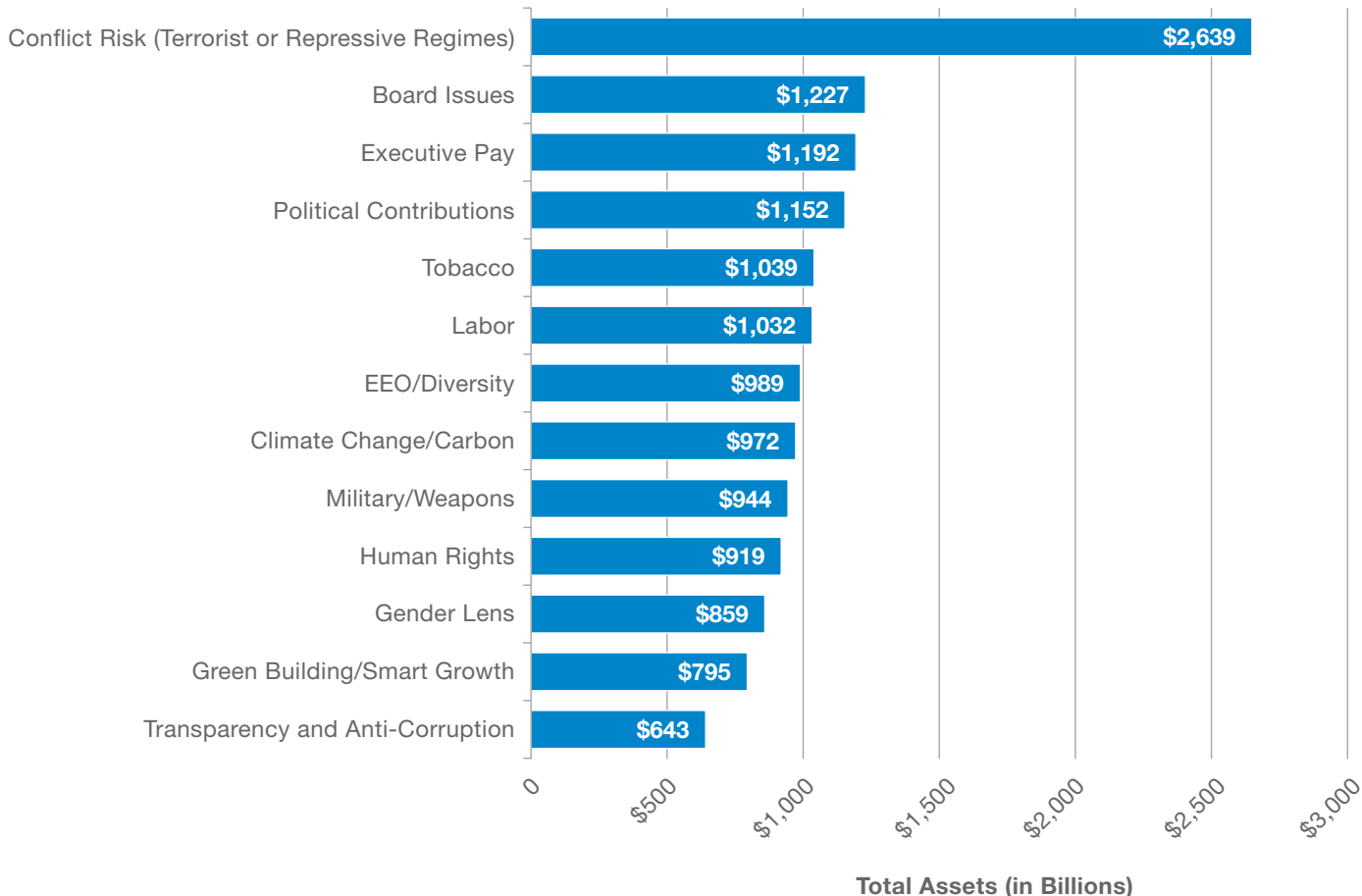
Fulfilling mission and pursuing social benefit were cited by the largest number of respondents, 76 and 72 respectively, including

almost all the foundation, faith-based and family office respondents.

This year's survey for the first time included fulfilling one or more of the UN Sustainable Development Goals (SDGs) as an option, which 21 respondents indicated was a reason. While the level of institutional ESG assets that are motivated at least in part by the SDGs is low according to the responses in this survey question, the SDGs have rapidly gained attention since they came into force in 2016. The SDGs have provided a common framework for investors and, with goals aimed at 2030, are an important space to watch in future editions of this report.

FIGURE 3.14

Leading ESG Criteria for Public Funds 2018



SOURCE: US SIF Foundation.

Public Funds

Public funds managed for federal, state, county and municipal governments, including public employee pension plans and other publicly pooled portfolios, incorporate ESG criteria across \$3.04 trillion in assets, the largest share of institutional assets, and a 12 percent increase since 2016.

Most public SRI options are generally provided through defined benefit or defined contribution plans alongside some 529 college savings programs.

As shown in Figure 3.14, by far the most prominent ESG criterion considered by public funds based on the assets affected was restricting investment in companies doing business in **conflict risk** countries, primarily Sudan and Iran. This has been the top criterion for public funds since 2007. However, compared with the other ESG criteria among public funds, this has grown the least since 2016: just 8 percent.

At the start of 2018, for the first time among public funds, ESG criteria besides conflict risk were being considered across

one trillion dollars or more in assets. Three of the six were corporate governance issues. **Board issues**—the consideration of the directors' independence, diversity, pay and responsiveness to shareholders—were the top governance criterion, affecting \$1.23 trillion in assets. **Executive pay** was next, affecting \$1.19 trillion, followed by concerns about corporate **political contributions**, affecting \$1.15 trillion. The assets to which these last two criteria are applied have expanded by 53 and 98 percent, respectively, since 2016.

While **transparency and anti-corruption**, another governance issue, affected fewer assets under management, \$643 billion, it has grown the most in asset-weighted terms since 2016: 543 percent.

The most prevalent product issue was **tobacco** avoidance, which applied to \$1.04 trillion in public fund assets. **Military and weapons** criteria affected \$944 billion in public fund assets, an increase of 23 percent compared with the \$768 billion reported in 2016.

After conflict risk, **labor** is the next most prevalent social

criterion, affecting \$1.03 trillion in assets, while **equal employment opportunity and diversity** is close behind with \$990 billion. Other important social issues identified are **human rights** (\$919 billion) and **gender lens investing** (\$859 billion). While the assets affected by each of these criteria increased at least 35 percent since 2016, those affected by gender lens criteria expanded the most—120 percent.

Climate change and carbon emissions remained the top environmental issue for public funds at the start of 2018, affecting

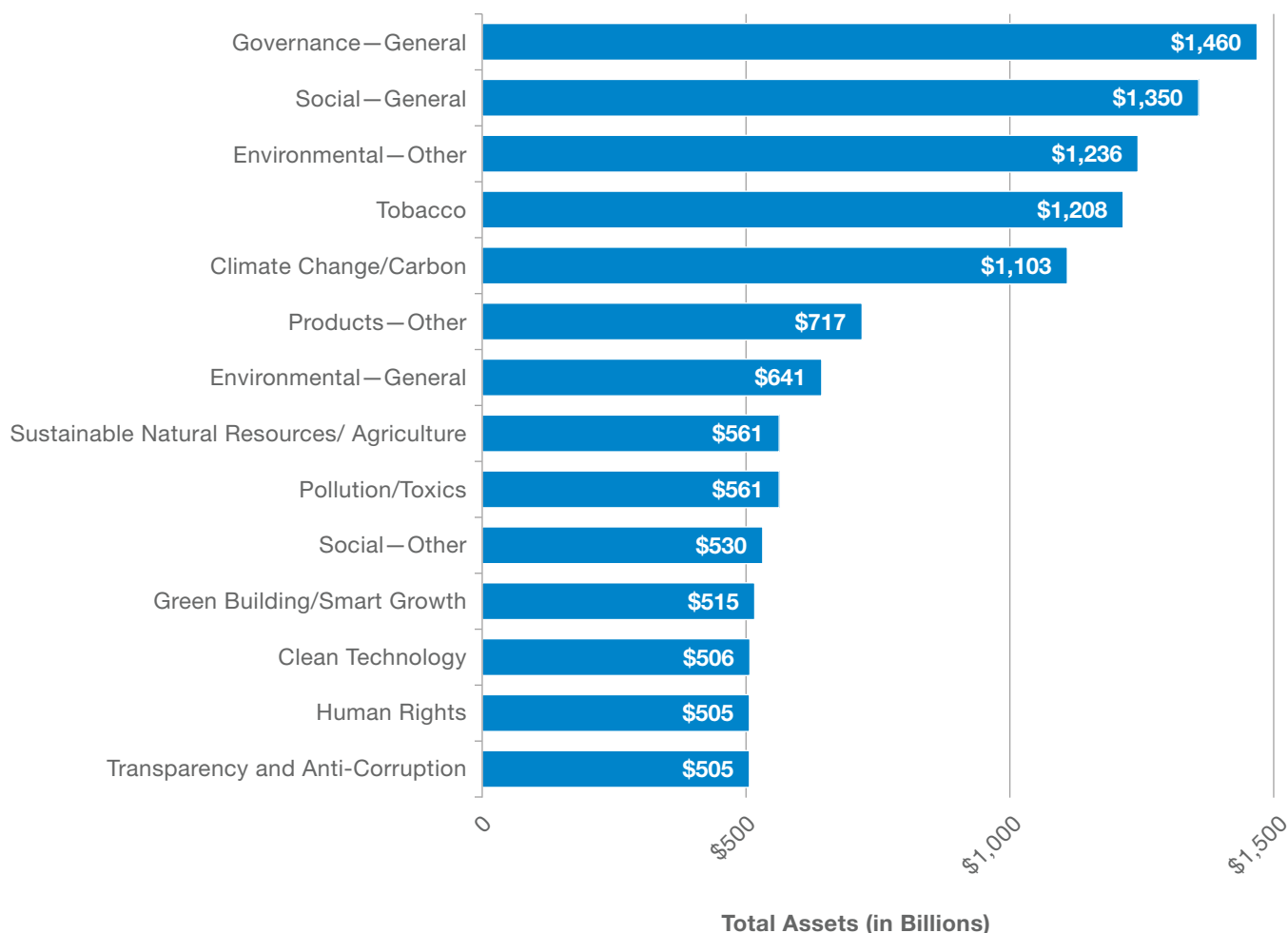
\$972 billion in assets, compared with \$708 billion two years earlier. **Green building and smart growth** was the second most common environmental criterion, affecting \$795 billion, compared with \$320 billion in 2016.

Insurance Companies

With \$2.04 trillion in assets affected by ESG issues, the investment portfolios of insurance firms are the second largest pool of institutional capital that is subject to some form of responsible investment policy. This is an increase of 36 percent

FIGURE 3.15

Leading ESG Criteria for Insurance Companies 2018



SOURCE: US SIF Foundation.

from the \$1.50 trillion in ESG assets identified in 2016. An important data source for this segment was the Insurer Climate Risk Disclosure Survey organized by the California Department of Insurance.

While the ESG assets identified were significant, only 10 institutions are represented. As shown in Figure 3.15, in terms of specific issues, the leading ESG criterion is **tobacco**, affecting \$1.21 trillion. Environmental issues follow, with criteria relating to **climate change and carbon emissions** affecting \$1.10 trillion in assets, and four other issues—**sustainable natural resources and agriculture**, **pollution and toxics**, **green building and smart growth**, and **clean technology**—each affecting more than \$500 billion.

Insurance companies also identified other environmental issues that were not listed in the survey. These issues included biodiversity impacts, water and other environmental issues for energy, chemicals, mining and utility companies, and accounted for \$1.24 trillion in assets under management.

The most important specific social issue was **human rights**, applied to \$505 billion in assets, and the most prevalent governance issue was **transparency and anti-corruption**, affecting the same amount.

Some insurance companies also reported that they incorporate environmental, social and/or

governance issues, but without specifying particular criteria among a significant portion of assets as indicated by the general categories shown in Figure 3.15.

Educational Institutions

Educational institutions in aggregate held \$317 billion in assets at the start of 2018 that were subject to various ESG criteria, constituting the third largest pool of institutional capital with ESG assets after public funds and insurance companies. This is an increase of 8 percent from the \$293 billion identified in 2016. The majority of their ESG assets were subject to **conflict risk** and **tobacco** criteria, as shown in Figure 3.16.

Educational institutions consider climate change and carbon emissions across \$143 billion in assets under management, a 234 percent increase since 2016.

As of 2018, more than 80 educational institutions have convened official committees on investor responsibility, compared with about 40 in 2016.⁶ Institutions increasingly are mentioning ESG considerations in their investment policy statements, and more institutions are committing money to sustainable investment funds. Several nonprofit organizations and networks such as the

Sustainable Endowments Institute and the Intentional Endowments Network provide endowments, students and other stakeholders with support, data and research on sustainable investment issues.

Some universities have incorporated general environmental, social and governance issues across their investment portfolio instead of, or in conjunction with, focusing on a single issue or a few specific issues. For example, in 2014 Harvard University, which has the largest university endowment in the United States, publicly committed to this strategy. It was also the first university to become a signatory to the Principles for Responsible Investment.

At the start of 2018, the US SIF Foundation identified \$143 billion held by educational institutions that considered **climate change and carbon emissions** in investment analysis, a 234 percent increase over the \$43 billion identified in 2016. Assets of \$83 billion were subject to **fossil fuel** restrictions, compared with \$27 billion in 2016. Investments subject to **clean technology** criteria increased 263 percent to \$7 billion from \$2 billion over this period.

Student campaigns at colleges and universities across the country continue to urge fossil fuel divestment and climate-friendly investment policies for their endowments. Many of these campaigns have been successful in achieving either full or partial fossil fuel divestment

continued on p. 59

ERISA, Private Sector Plans and ESG Options

A bulletin in late 2015 from the US Department of Labor may be allowing funds that explicitly market themselves as SRI to gain some ground in US private sector pension plans, although they still constitute a minuscule portion of the overall assets of these plans.

In October 2015, the US Department of Labor rescinded its 2008 bulletin on Economically Targeted Investments. This bulletin had discouraged some fiduciaries for private sector retirement plans from considering environmental and social factors in their investments, and was a major departure from its 1994 guidance that had essentially stated the opposite.

After rescinding the 2008 guidance, the Department of Labor, which is responsible for enforcing the Employment Retirement Income Security Act (ERISA), issued Interpretive Bulletin 2015-1, which makes clear that “fiduciaries need not treat commercially reasonable investments as inherently suspect or in need of special scrutiny merely because they take into consideration environmental, social, or other such factors.”⁷

The guidance also states that “environmental, social, and governance issues may have a direct relationship to the economic value of the plan’s investment,” and thus these 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.”⁸

To assess the impact of this regulatory change, the US SIF Foundation looked at data for year-end 2014, before the interpretive bulletin was issued, and at year-end 2016.

In order to develop the 2014 baseline, the US SIF Foundation conducted an analysis of the publicly available 2014 return filings of employee benefit plans as collected under ERISA and the Internal Revenue Code through the annual Form 5500.

From these filings, which provided data as of December 31, 2014, the US SIF Foundation was able to analyze the Schedule D data, which lists the underlying holdings of any plan that had Direct Filing

Entities (DFE), which includes the following four categories: Common/Collective Trusts, Pooled Separate Accounts, Master Trusts, and 103-12 Investment Entities.

In 2014, the total assets reported by DFEs was \$3.13 trillion, or approximately 40 percent of the total assets captured in all Form 5500 reporting. Within the 2014 DFE filings, the US SIF Foundation found approximately \$2.7 billion across 2,390 plans invested in 32 fund options that explicitly marketed themselves as SRI.⁹

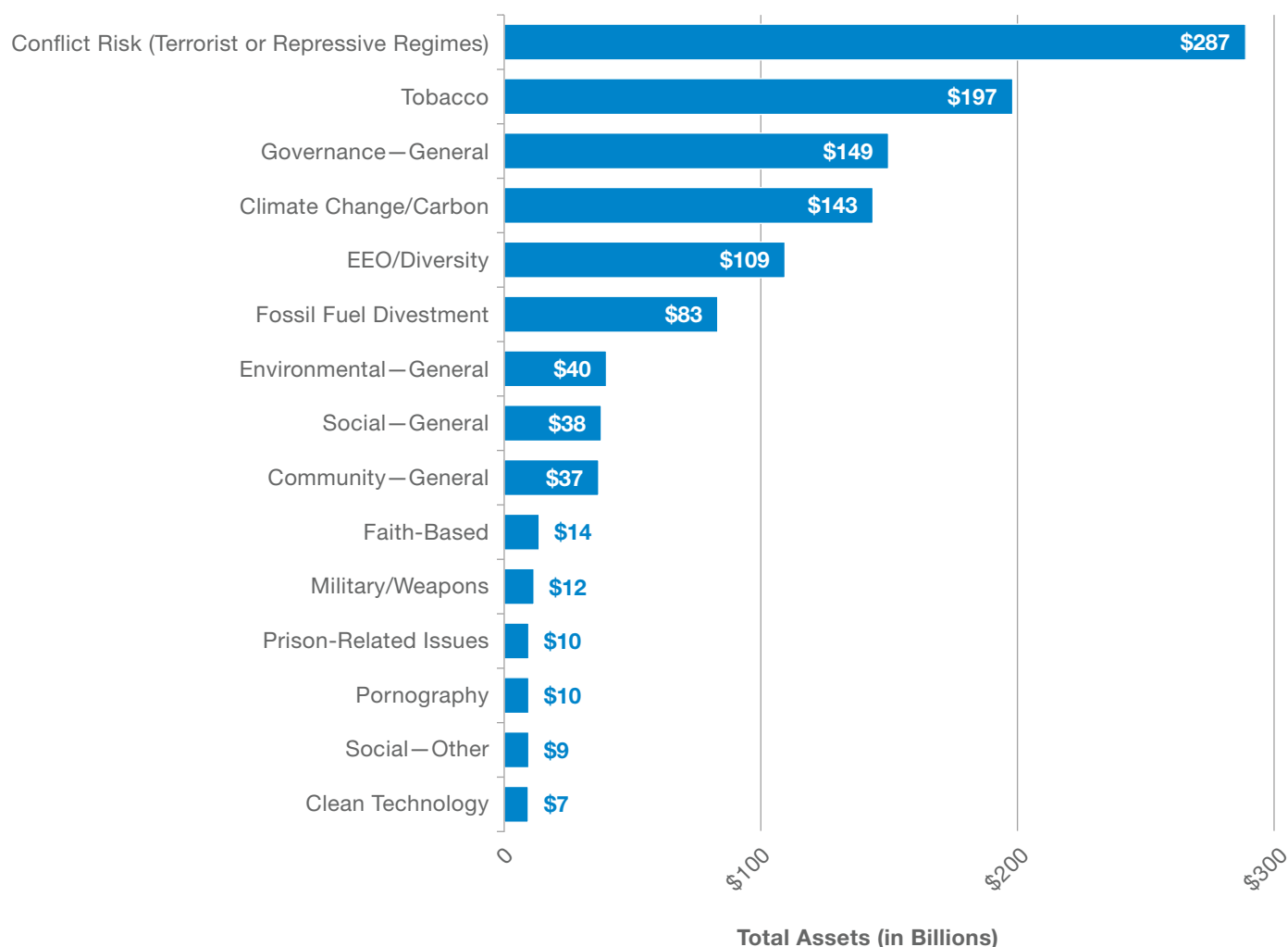
Following the same approach, the US SIF Foundation found that the total assets in the 2016 Schedule D filings for DFE plans were \$4.43 trillion, a 42 percent increase since 2014.¹⁰ The US SIF Foundation was able to identify within 2016 DFE filings \$4.6 billion across 4,055 plans invested in 62 fund options that explicitly market themselves as SRI.

Thus, as shown in the accompanying table, assets invested in SRI plans are growing at a substantially faster rate than DFE plans’ assets overall.

	2014	2016	Growth 2014–2016
Number of plans investing in SRI funds	2390	4055	70%
Assets in SRI plans (\$ Billions)	\$2.70	\$4.61	71%
Number of SRI funds	32	62	94%
Total assets of DFE plans (\$ Trillions)	\$3.13	\$4.43	42%

FIGURE 3.16

Leading ESG Criteria for Educational Institutions 2018



SOURCE: US SIF Foundation.

commitments. Hampshire College is widely credited as being the first college to divest from fossil fuels, which it accomplished in 2011. Yale University added “climate awareness” to its investment strategy in 2014 and by 2016, it had removed \$10 million of fossil fuel investments. The University of California divested \$200 million from companies involved in coal and oil sands projects in 2015. In 2016, the University of

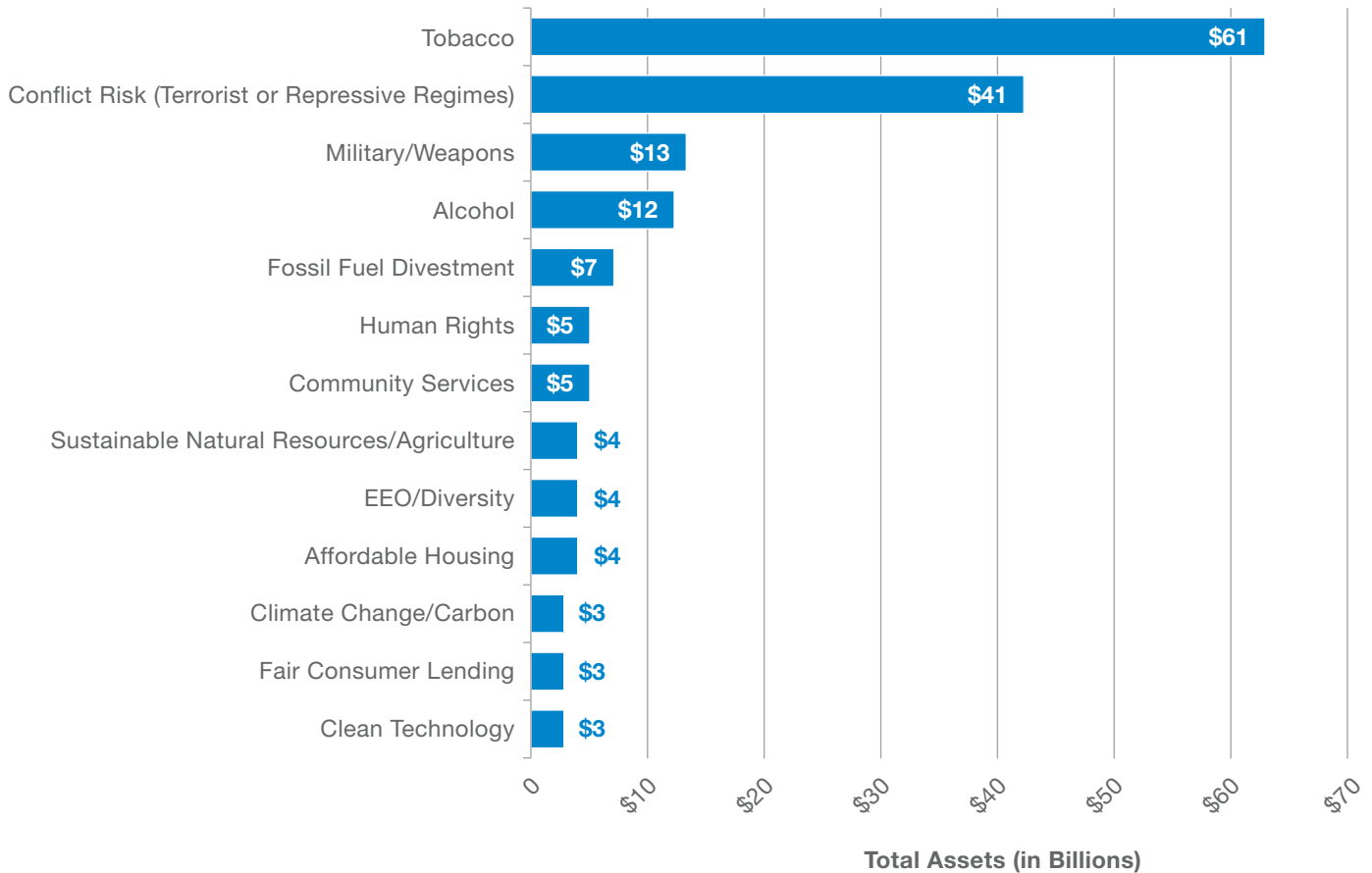
Massachusetts became the first major public university to end direct investments in fossil fuels. The Oregon State University Board of Trustees voted to approve fossil fuel divestment in 2017, and Columbia University announced it would divest from companies that earn at least 35 percent of their income from thermal coal production. Over 40 US colleges and universities had committed to full or partial fossil fuel divestment as of July 2018.¹¹

After conflict risk, the most prevalent social issue was **equal employment opportunity and diversity**, affecting \$109 billion, a dramatic growth of 849 percent since the \$12 billion identified in 2016. **Prison-related** investment restrictions were the third most prominent social issue, affecting \$10 billion.

In terms of products, the top issues after tobacco were related to **faith-based** criteria (\$14 billion) and avoidance of

FIGURE 3.17

Leading ESG Criteria for Foundations 2018



SOURCE: US SIF Foundation.

investments in **military/weapons** (\$12 billion) and businesses involved with **pornography** (\$10 billion).

Philanthropic Foundations

The US SIF Foundation identified over 100 foundations in 2018 that apply one or more ESG criteria to \$68 billion in assets collectively, accounting for just over 1 percent of the total institutional ESG assets discussed in this chapter. The aggregate ESG assets of foundations have increased 7 percent since 2016.

The top four issues in asset-weighted terms remain the same as in 2016 and 2014—**tobacco**, **conflict risk** countries, **military/weapons** and **alcohol**, as seen in Figure 3.17.

However, assets affected by **fossil fuel divestment** were \$7 billion, an increase of 176 percent from \$2.5 billion in 2016, and moving it into the top five criteria. Other prominent environmental issues were **sustainable natural resources and agriculture**, affecting \$4 billion, followed by **climate change and carbon emissions** and **clean technology**, each affecting \$3 billion.

After conflict risk, the top social issue was **human rights**, growing 236 percent from \$1.4 billion in 2016 to \$5 billion in 2018. **Equal employment opportunity and diversity** followed with \$4 billion, growth of 87 percent since 2016.

The most prevalent community issue was **community services**, which involves investments that focus on the provision of services for low- and moderate-income communities, including childcare, education and healthcare. This criterion affected \$5 billion. Other important community issues were **affordable housing** (\$4 billion) and **fair consumer lending** (\$3 billion).

Like other institutional investors, foundations tend to be invested for the long term. Foundations are distinguished from many other institutional investors, however, by their explicit philanthropic missions. A fundamental reason for foundations to adopt sustainable and responsible investment strategies is to have additional tools to advance their programmatic goals and generate positive impact.

Foundation assets affected by fossil fuel divestment policies increased 176 percent, from \$2.5 billion in 2016 to \$7 billion in 2018, moving it into the top five criteria.

Foundations are required to make an annual 5 percent “qualifying distribution” from their assets “to accomplish charitable, religious, educational, etc., purposes or amounts contributed to a governmental unit for exclusively public purposes.”¹² Some foundations also make program-related investments, which the Internal Revenue Service defines as investments that provide capital to nonprofit and for-profit enterprises primarily to advance the mission of the giving foundation. Income generation must not be a “significant purpose” of the investment for the foundation.¹³ Program-related investments, by definition, involve only a small portion of their practitioners’ total assets.

Some foundations apply ESG criteria across all or a portion of the endowment corpus in order to support their mission, broader social responsibility goals or fiduciary duty. The 100% IMPACT Network of Toniic Institute specifically supports a membership of foundations and other accredited investors who have committed 100 percent of their assets to positive social and/or environmental impact.

Other networks and resources for foundations involved in the various forms of sustainable and impact investing include Confluence Philanthropy, Council on Foundations, Exponent Philanthropy, Mission Investors Exchange and The ImPact, among others.

Labor Institutions

Of the labor funds surveyed in 2018, only a few reported incorporating any kind of ESG criteria into their investments. They account for \$61 billion in ESG assets, approximately the same level identified in 2016.

The only specific criterion considered by these funds was **labor**, affecting \$250 million in assets. This involves the consideration of companies’ labor or employee relations programs, employee involvement, health and safety, employee and retirement benefits, union relations or workforce reduction.

Many labor funds use shareholder advocacy strategies instead

of ESG incorporation because they typically prefer to be fully invested in the market as “universal investors.” As a result, they tend to be active shareholder resolution proponents. Unions have also been very active in shareholder coalitions such as the Investor Network on Climate Risk, in which labor funds representing over \$100 billion in aggregate assets are members.

Healthcare Institutions

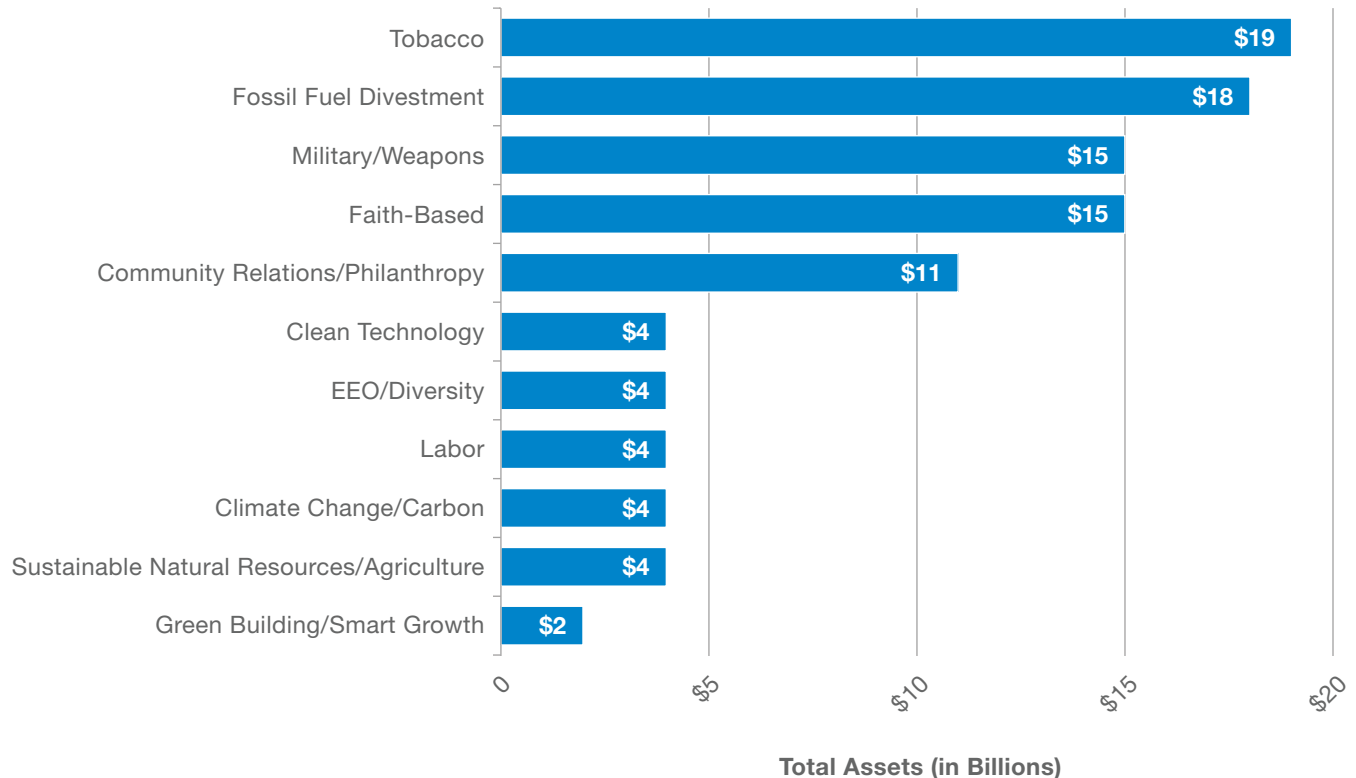
Hospitals and healthcare plans managed \$37 billion in ESG assets at the start of 2018, compared with \$32 billion in 2016. This represents less than 1 percent of the total institutional assets identified in this report as subject to ESG criteria.

Healthcare institution assets affected by fossil fuel divestment policies totaled \$18 billion, compared with zero identified in 2016.

Figure 3.18 presents the leading ESG criteria for healthcare institutions in 2018. The most prominent ESG criterion for this segment of investors remained **tobacco**, affecting \$19 billion, although this was a decline from the \$31 billion identified in 2016. The American Medical Association and the American Hospital Association encourage tobacco-free investing, and many hospitals restrict tobacco from their portfolios to align their missions with their investment strategies.

FIGURE 3.18

Leading ESG Criteria for Healthcare Institutions 2018



SOURCE: US SIF Foundation.

Additionally, some hospitals organized as nonprofits or affiliated with religious communities incorporate other ESG criteria that reflect broader missions.¹⁴ Investment policies related to **military/weapons** and **faith-based** criteria affected \$15 billion each, an increase of 92 percent since 2016.

Environmental issues have become more important in asset-weighted terms over the past two years. Assets affected by **fossil fuel divestment** policies totaled \$18 billion in 2018, compared with none identified in 2016. **Climate change and carbon**

emissions affected \$4 billion, an increase of 70 percent over the same period. **Clean technology** and **sustainable natural resources/agriculture** also accounted for \$4 billion each, while **green building and smart growth** affected \$2 billion.

In terms of community and social issues, investments directed towards **community relations and philanthropy** affected \$11 billion compared with just \$100,000 identified in 2016. **Equal employment opportunity and diversity** and **labor** each affected \$4 billion.

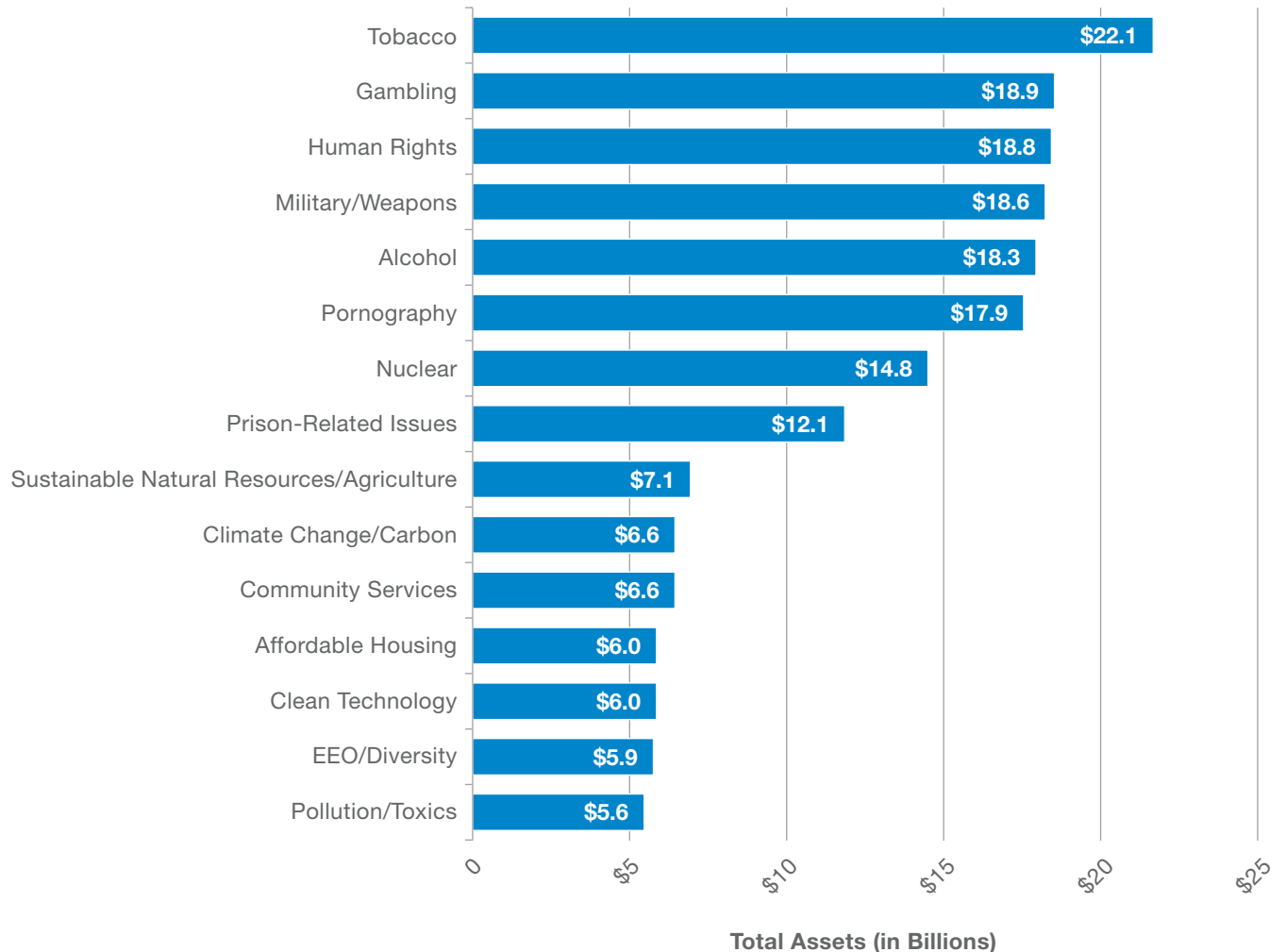
Faith-Based Institutions

Faith-based institutional investors accounted for \$24 billion in aggregate ESG assets, compared with \$44 billion in 2016. The decline is due to the US SIF Foundation's re-categorization of a religious institutional investor with significant assets under management as an asset manager.¹⁵

A wide range of religious organizations are represented among faith-based institutions, from large Protestant denominational pension boards

FIGURE 3.19

Leading ESG Criteria for Faith-Based Institutions 2018



SOURCE: US SIF Foundation.

with billions of dollars in assets, to much smaller local Catholic congregational orders, churches and Jewish and Islamic charitable organizations. Networks that support faith-based investors include the Interfaith Center on Corporate Responsibility (ICCR), Church Impact, and Catholic Impact Investing Collaborative, among others.

Avoidance of investments related to **tobacco, gambling, military/weapons, alcohol, pornography**

and **nuclear power** were among the most prominent product issues in asset-weighted terms, as highlighted in Figure 3.19.

Human rights remained the top social issue, incorporated in the management of nearly \$19 billion. The most common social criteria for faith funds after human rights were **prison-related issues** (\$12.1 billion) and **equal employment opportunity and diversity** (\$5.9 billion).

The most important environmental issue in asset-weighted terms was **sustainable natural resources and agriculture** (\$7.1 billion) followed by **climate change and carbon emissions, clean technology** and **pollution and toxics**, which each affected between \$5.6 and \$6.6 billion in assets.

The top community issues were **community services** (\$6.6 billion) and **affordable housing** (\$6.0 billion).

Other Nonprofit Organizations

Institutional investors in this category include research, advocacy and trade associations, but exclude the philanthropic foundations discussed previously. Nonprofit organizations accounted for \$14 billion in assets subject to ESG criteria at the start of 2018, compared with just under \$13 billion in 2016. The leading ESG criteria for these nonprofit organizations were similar to those discussed

in the last edition of this report. However, the number of institutions identified increased from 18 to 31.

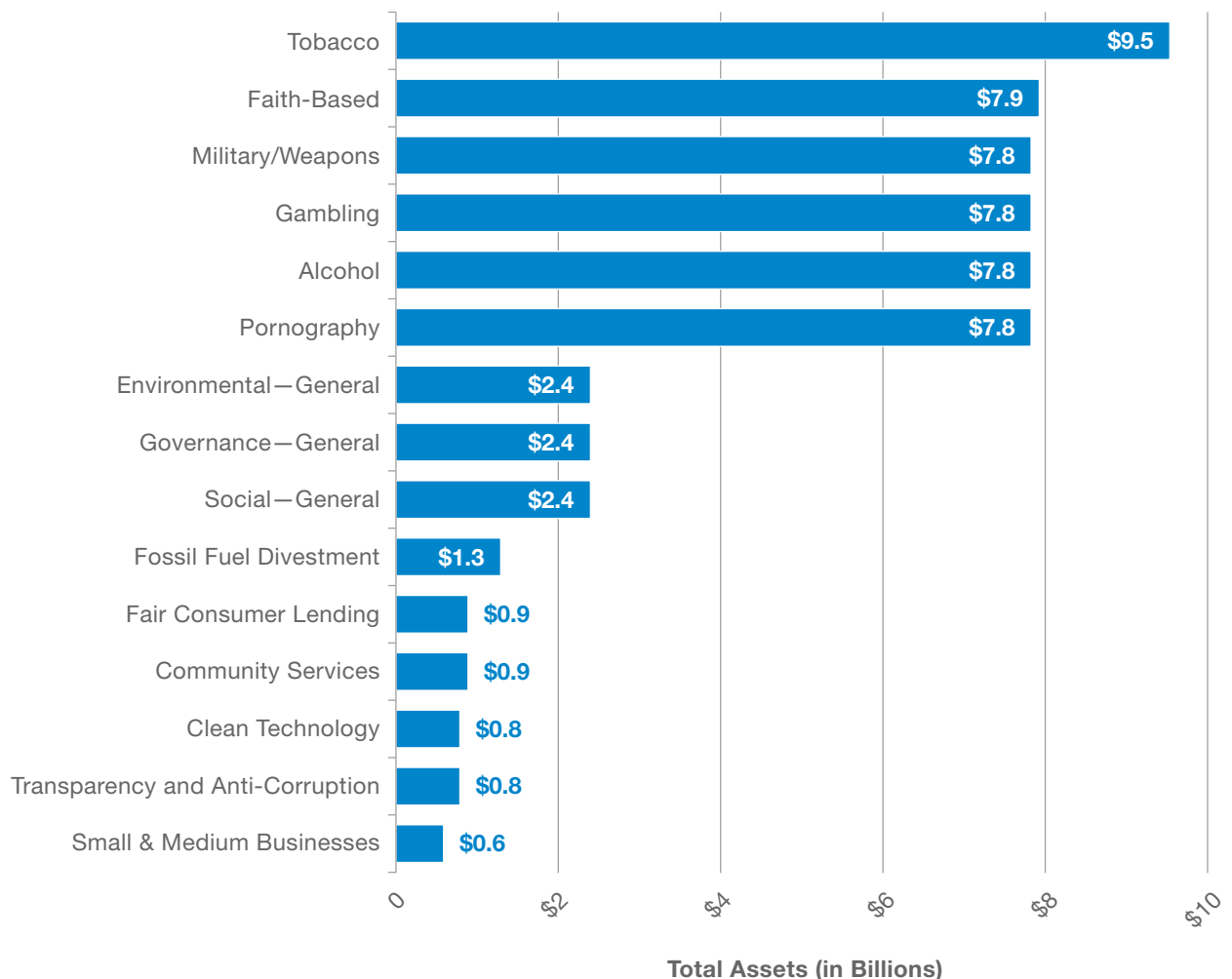
As shown in Figure 3.20, investment policies regarding the avoidance of **tobacco** were the most prominent in asset-weighted terms, affecting \$9.5 billion in assets, followed by **faith-based** criteria, which affected \$7.9 billion. Policies restricting investments in **military/weapons**, **gambling**, **alcohol** and **pornography**-related companies each affected \$7.8 billion.

The number of nonprofit organizations identified in sustainable investing increased from 18 to 31 between 2016 and 2018.

In terms of environmental criteria, **fossil fuel divestment** affected \$1.3 billion, an increase of 124 percent from the \$580 million identified in 2016. Investments subject to **clean technology** criteria accounted for \$800 million.

FIGURE 3.20

Leading ESG Criteria for Other Nonprofit Organizations 2018



SOURCE: US SIF Foundation.

Nonprofit organizations were also engaged in community investing, with investments favoring **fair consumer lending, community services, and small and medium businesses** each amounting to almost a billion dollars.

The leading governance criterion was **transparency and anti-corruption**, affecting \$800 million.

In 2015, the nonprofit organization World Resources Institute launched a Sustainable Investing Initiative. WRI has begun to incorporate environmental, social and governance issues in the management of its own endowment, while also serving as a resource to other asset owners. The Nature Conservancy has also publicly committed to developing sustainable investment policies and emphasizes that this aligns with its conservation mission. In 2017, the conservation-focused nonprofit Rare launched the Meloy Fund for Sustainable Community Fisheries, an impact investment fund, as a wholly-owned subsidiary. Examples such as these have increased the visibility of sustainable and impact investing as an option for other nonprofits.

Family Offices

The US SIF Foundation first tracked family offices, including trusts, in 2012. As in previous years, fewer than a dozen family offices, including both single-family offices and multi-family offices, were identified that incorporated environmental, social and/or governance issues in the investment process. However, ESG assets under management, while small overall, increased 71 percent from \$2.4 billion to \$4.1 billion over the past two years.

The top criteria for family offices in 2018 related to community investing as shown in Figure 3.21. This is in contrast to 2016 when environmental criteria were at the top.

Family office ESG assets under management, while small overall, increased 71 percent over the past two years.

Criteria favoring **small and medium businesses** ranked at the top with \$3.0 billion in assets affected, followed closely by the \$2.9 billion managed with **microenterprises** and **community services** criteria. Assets subject to these three community-investing criteria have more than doubled since 2016.

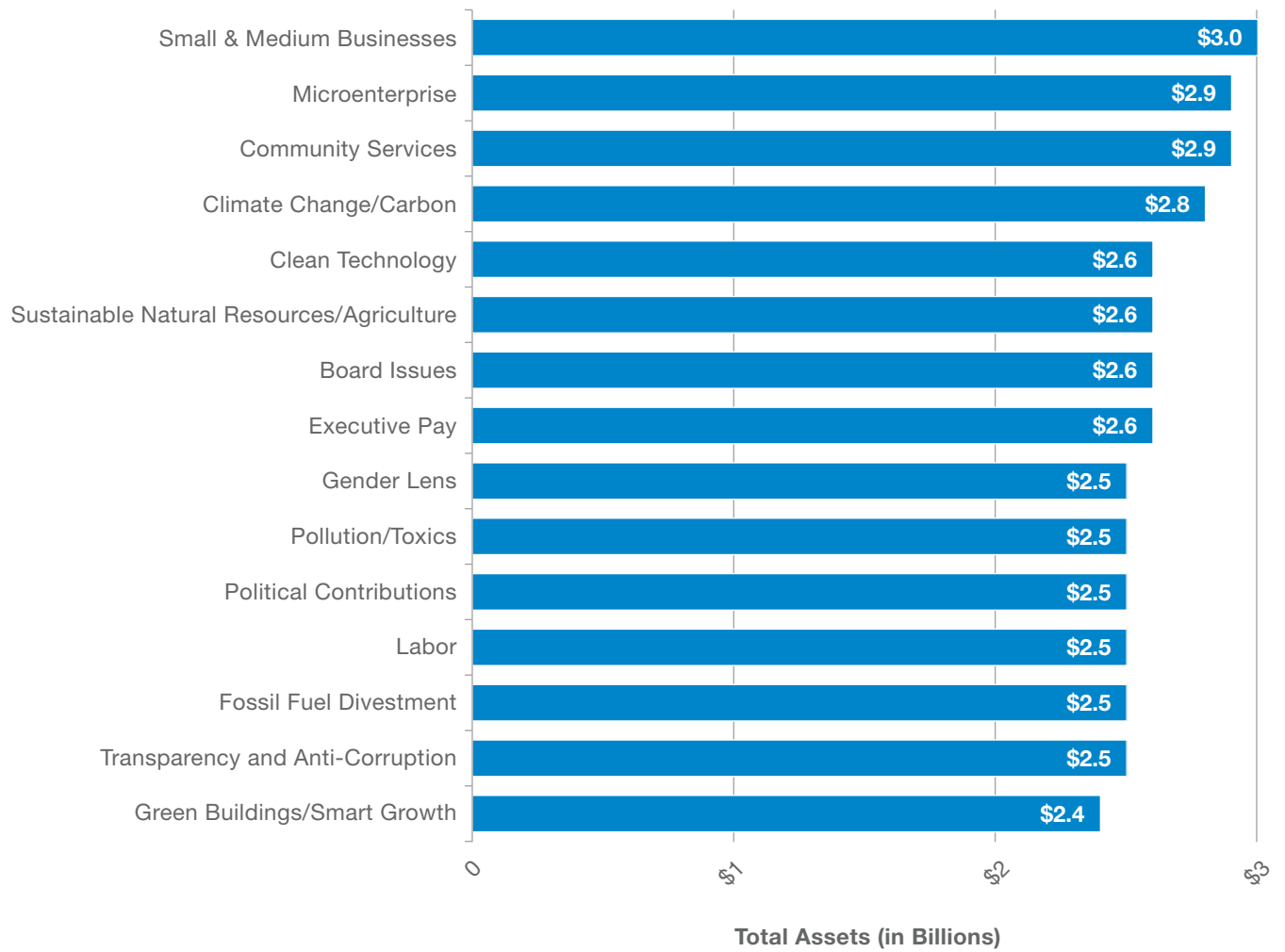
In terms of environmental criteria, the most prominent issue was **climate change and carbon emissions**, applied to \$2.8 billion in assets, followed by **clean technology** and **sustainable natural resources and agriculture**, which each affected \$2.6 billion. Other important environmental issues were **pollution and toxics** and **fossil fuel divestment**, each affecting \$2.5 billion, and **green building and smart growth**, affecting \$2.4 billion. The greatest growth within environmental issues came from fossil fuel divestment and climate change and carbon emissions, with assets under management subject to each increasing about 90 percent since 2016.

Within governance criteria, policies on **board issues** and **executive pay** each affected \$2.6 billion, increasing 98 percent and 183 percent respectively compared with 2016. **Political contributions** and **transparency and anti-corruption** accounted for \$2.5 billion each, with growth of approximately 90 percent.

Gender lens investing and **labor** were the most prominent social issues in asset-weighted terms, each affecting \$2.5 billion. Assets under management for these criteria increased 166 percent and 91 percent, respectively, in the past two years.

FIGURE 3.21

Leading ESG Criteria for Family Offices 2018



SOURCE: US SIF Foundation.

IV. Investor Advocacy

FIGURE 4.0
Sustainable and Responsible Investing Assets 2018



SOURCE: US SIF Foundation.

Filing shareholder resolutions on environmental, social or governance issues at publicly traded US companies is one of the most visible and verifiable ways in which investors can practice responsible ownership, whether or not they also use ESG criteria to select these companies for their portfolios. The US SIF Foundation therefore counts the assets engaged in filing or co-filing shareholder resolutions as a component of the overall tally of assets engaged in sustainable and impact investing, as shown in Figure 4.0.

Investors can also encourage their portfolio companies to review or improve their ESG policies, practices and strategic planning through their proxy voting and by sending letters or engaging in dialogue with both publicly traded and privately held portfolio companies, either directly or through investor networks.

This chapter will explore these responsible ownership and advocacy practices, including the assets and numbers of the institutional investors and money managers that engage in them. It also examines the trends and successes of shareholder proposals on ESG issues from 2016 through 2018.

Key Trends

- From 2016 through the first half of 2018, 165 institutional investors and 54 investment managers collectively controlling a total of \$1.76 trillion in assets at the start of 2018 filed or co-filed shareholder resolutions on ESG issues.
- In addition to or apart from filing shareholder resolutions, 49 institutional asset owners, with more than \$1 trillion in total assets, reported on the US SIF Foundation's survey that they engaged in dialogue with companies on ESG issues, as did 88 asset managers, with \$9.1 trillion in assets under management. The extent of money manager engagement has increased notably since 2016, when just 61 managers, with \$6.9 trillion in assets, reported that they engaged companies on ESG issues.
- The leading issue raised in shareholder proposals, based on the number of proposals filed, from 2016 through 2018, was "proxy access." Investors filed 353 proposals at US companies during this period to facilitate shareholders' ability to nominate directors to corporate boards. As a result of the strong investor support for these proposals, the share of S&P 500 companies with proxy access policies grew from 1 percent in 2013 to 65 percent in 2017.
- Disclosure and management of corporate political spending and lobbying is also a top

concern. Shareholders filed 295 proposals on this subject from 2016 through 2018. Many of the targets are companies that have supported trade organizations that oppose regulations to curb greenhouse gas emissions.

- A surge in shareholder proposals on climate change that began in 2014, as investors wrestled with the prospects of “stranded” carbon assets and US and global efforts to curb greenhouse gas emissions, has continued: 271 proposals were filed from 2016 through 2018.
- The proportion of shareholder proposals on social and environmental issues that receive high levels of support has been trending upward. During the proxy seasons of 2012 through 2015, only three shareholder proposals opposed by management on environmental and social issues received more than 50 percent support, in contrast to the 18 proposals that did so in 2016 through 2018.

The Tools of Responsible Ownership

PROXY VOTING

Shareowners in publicly traded companies are entitled to vote their shares on items that are presented, whether by management or by other shareholders, for a vote at the corporation’s annual general meeting. The agenda for the meeting and related materials that is mailed to investors ahead of the annual meeting is called a “proxy

statement,” leading to the term “proxy voting.”

Regulatory developments over the last few decades have encouraged investors to take a thoughtful approach to proxy voting. In 1988, the US Department of Labor wrote a letter, in response to a query from the chair of Avon Products’ Retirement Board, concluding that proxy voting should be considered a fiduciary duty and exercised solely in the interests of plan beneficiaries.

The Department of Labor elaborated further on the fiduciary duty of proxy voting in Interpretive Bulletin 94-2, saying that fiduciaries should maintain accurate records of their proxy voting and spell out their guidelines of proxy voting formally as part of their overall statements of investment policy. In 2016, the Department of Labor issued Interpretive Bulletin 2016-01 on shareholder rights restating its “longstanding position...that the fiduciary act of managing plan assets which are shares of corporate stock includes decisions on the voting of proxies and other exercises of shareholder rights.”¹

Thanks to regulation adopted by the Securities and Exchange Commission in January 2003, mutual funds and investment advisors began uniformly disclosing how they vote on proxy issues in 2004. SRI mutual funds were leaders in disclosing their proxy votes and policies even before the SEC requirements took effect.

FILING SHAREHOLDER RESOLUTIONS

Shareholders can increase their involvement and shape discussion at their companies’ annual meetings and boardrooms by filing proposals on ESG issues. By filing shareholder resolutions, which may then proceed to a vote open to all investors of the company, shareholders bring important issues to the attention of company management and the board of directors, often receiving media attention and educating the public as well. A company’s annual proxy statement is a public document that can be retrieved online at the SEC’s “Edgar” site.²

By filing resolutions, shareholders bring important issues to the attention of company management and the board of directors, often receiving media attention and educating the public as well.

The rules governing the process of filing shareholder resolutions are the regulations and bulletins that the SEC has issued under Section 14a-8 of the Securities Exchange Act of 1934. They currently permit shareholders to file a proposal at a company if they own at least \$2,000 or 1 percent of the company’s shares and have held the shares continuously for the past year. Proposals generally need to address corporate environmental,

social and governance questions considered significant public policy issues and cannot pertain to “ordinary business” issues such as employee benefits, personnel changes or the sale of particular products. Finally, the shareholder proponent—or a designated representative—must attend the annual meeting in person to present the proposal formally. (Under SEC rules, companies can treat a resolution that is not presented as if it had never been filed and the sponsor is prohibited from refiling this resolution for three years.)

Companies receiving proposals can challenge them at the SEC based on the proposal’s content or the ability of the proponents to prove they meet share ownership requirements. The SEC then sends a letter to both corporate management and the filers of the resolution with its opinion on whether the company can omit the proposal from the meeting agenda and proxy statement or must include it.

In addition, to resubmit resolutions in subsequent years after an initial filing, proposals currently must win at least 3 percent support in their first year, 6 percent in their second and 10 percent in their third year and all years thereafter. In other words, a proposal that consistently gets the support of at least 10 percent of the shares voted can be re-filed indefinitely, assuming it meets the overall requirements for proper subject matter. If a proposal fails to

meet the requisite resubmission thresholds, the filer must wait three years to resubmit it.

Shareholder resolutions do not need majority support to have an impact. Since the vast majority of shareholder resolutions are advisory—phrased as requests to management—management is not legally obligated to implement them even when they do pass. (An exception is shareholder proposals that call for bylaw amendments, which have to be implemented if they pass.) Nevertheless, in many cases when votes become significant, directors heed the concerns raised in advisory proposals and find ways to improve their policies or disclose more information in response.

Shareholder resolutions can also be effective even if they never come to vote. The process of filing often prompts productive discussion, leading to agreements between the filers and management that enable the filers to withdraw their resolutions, either because of immediate agreements with companies or because of good faith offers of further dialogue. Many companies are open to negotiating with proponents either to find common ground on an issue or to remove potentially controversial items from the proxy statement.³

The Interfaith Center on Corporate Responsibility (ICCR) and the Investor Network on Climate Risk, a project of Ceres,

play a major role in coordinating many of the resolutions that are filed at US companies on ESG issues. Through these networks, potential filers can find co-filers to lend weight to their appeals and ensure that sufficient representatives are available during the busy annual meeting season to present the resolution.

DIALOGUE, ENGAGEMENT AND NETWORKS

In addition to or instead of filing shareholder resolutions, concerned investors often communicate directly with the management of portfolio companies. Many shareholder advocates file resolutions only after efforts to pursue discussions with managements of portfolio companies have been rebuffed or have not been fruitful. Others may file shareholder resolutions more readily, to meet filing deadlines, but make clear in their filing letters to companies that they are open to engagement that might lead to agreements where the resolution can be withdrawn.

The signatories to Climate Action 100+ have pledged to call on the companies in which they invest to curb greenhouse gas emissions and strengthen climate-related financial disclosures.

Responsible investors can often augment their messages to portfolio companies, or gain some economies of scale in these efforts, by joining investor networks focusing on particular aspects of corporate responsibility and disclosure. Through CDP (formerly the Carbon Disclosure Project), for example, asset owners and investment managers can become signatories to the CDP's annual appeals to thousands of global corporations asking them to report on their greenhouse gas emissions and to assess the risks and opportunities they face from climate change, as well as on water and forest management issues. As of 2016, over 800 institutional investors—with aggregate assets of \$95 trillion—had lent their names to the initiative, and more than 5,500 global companies disclose to the CDP.

In the United States, the Investor Network on Climate Risk represents approximately 160 institutional investors and money managers with more than \$25 trillion in assets. In addition to providing a forum for its members to coordinate filings of shareholder resolutions on climate issues, it also issues public policy statements and urges company management to address climate change.⁴ Another investor coalition on climate concerns is the Climate Action 100+. Formed in 2017, it now has a global membership of 296 institutional investors and money managers that together represent \$31 trillion in assets

and have pledged to call on the companies in which they invest to curb greenhouse gas emissions and strengthen climate-related financial disclosures.

Another investor network that highlights the growing global investor interest in corporate management of ESG issues is the Principles for Responsible Investment (PRI), which counts as endorsers more than 1,100 investment managers and institutional investors from around the world managing more than \$70 trillion in assets.⁵ In becoming signatories, investors pledge to “incorporate ESG issues into investment analysis and decision-making processes,” as outlined by the PRI's first principle. PRI also provides a global platform to facilitate collaborative shareholder engagement initiatives among its signatories.

The Institutions and Money Managers Involved in Investor Advocacy

As noted earlier, the assets of institutional asset owners and mutual fund companies and other investment managers that filed or co-filed shareholder resolutions from 2016 through mid-2018 are included in this report's overall tally of assets engaged in SRI strategies. In addition, the US SIF Foundation's survey of money managers and institutional investors provided insights on the extent to which they engage in formal dialogue with portfolio companies and advocate on

public policy relating to corporate ESG disclosure and practice.

INSTITUTIONAL INVESTORS Filing Shareholder Resolutions:

Since 2016, 165 institutional asset owners with \$1.56 trillion in assets filed or co-filed shareholder resolutions on ESG issues. (This is relatively unchanged from 2016, when 176 institutional investors with \$1.52 trillion filed resolutions from 2014 through 2016.) In asset-weighted terms, public funds dominated this arena, accounting for nearly \$1.25 trillion (or 71 percent) of the assets as shown in Figure 4.1. However, they represented just 18 of the filing institutions. Labor funds were next in terms of assets: 17 labor-related institutions, with \$229 billion in assets, filed or co-filed shareholder resolutions from 2016 through mid-2018.

When numbers of institutions rather than assets are considered, faith-based institutions were the leading institutional investor segment filing resolutions. Seventy-four—nearly half of the institutional proponents in 2016 to 2018—were faith-based investors.

Dialogue: Forty-nine institutions with nearly \$1.1 trillion in assets, reported on the survey that they engaged in dialogue with companies on ESG issues, compared with 57 institutions, with \$912 billion in assets, that answered this question affirmatively in 2016.

Public Policy: Survey recipients were also asked whether they “attempted to influence governmental policy or industry regulation in 2016 or later to require companies to improve their ESG impacts.” Twenty-four institutions with total assets of \$957 billion affirmed that they did, relatively unchanged from the 25 institutions with total assets of \$918 billion responding affirmatively to this question in 2016.

MONEY MANAGERS

While the numbers and assets of institutional investors involved in resolution filing, corporate engagement and public policy advocacy have not changed

substantially since 2016, money managers were a different story. There were dramatic increases in the numbers and assets of money managers reporting that they engaged in corporate dialogue and public policy advocacy, even as assets engaged in filing shareholder resolutions declined.

The numbers and assets of money managers reporting that they engage in corporate dialogue and public policy advocacy have dramatically increased.

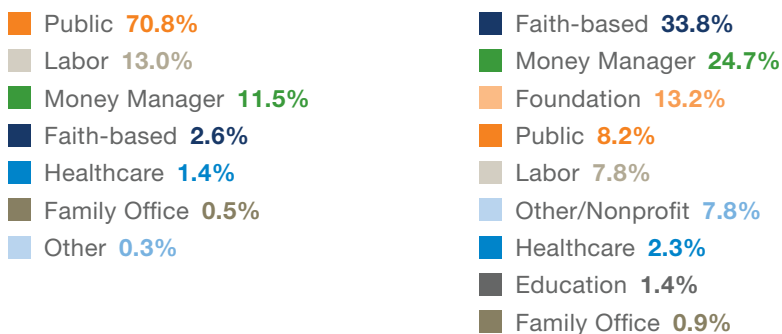
Filing Shareholder Resolutions:

Fifty-four mutual fund companies and other asset managers, with \$202 billion in assets, filed or co-filed shareholder resolutions on ESG issues since 2016. This compares with 49 managers with \$1.0 trillion in assets that filed resolutions in 2014-2016; the dramatic drop in assets is explained almost entirely by a single money manager that filed resolutions in the previous period, but not the later one.

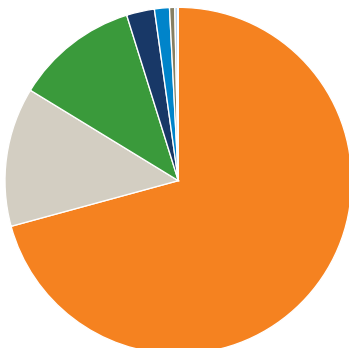
Dialogue: At the same time, 88 money managers, with \$9.6 trillion in total assets under management, reported that they engage in dialogue with companies on ESG issues. This is a significant increase from 2016, when 61 managers with \$6.9 trillion in assets under management responded yes to this question.

FIGURE 4.1

Types of Investors Filing Shareholder Proposals 2016–2018

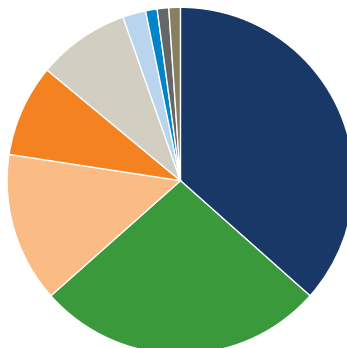


ESG Shareholder Proponents
2016–2018, by Assets



SOURCE: US SIF Foundation.

ESG Shareholder Proponents
2016–2018, by Number



SOURCE: US SIF Foundation.

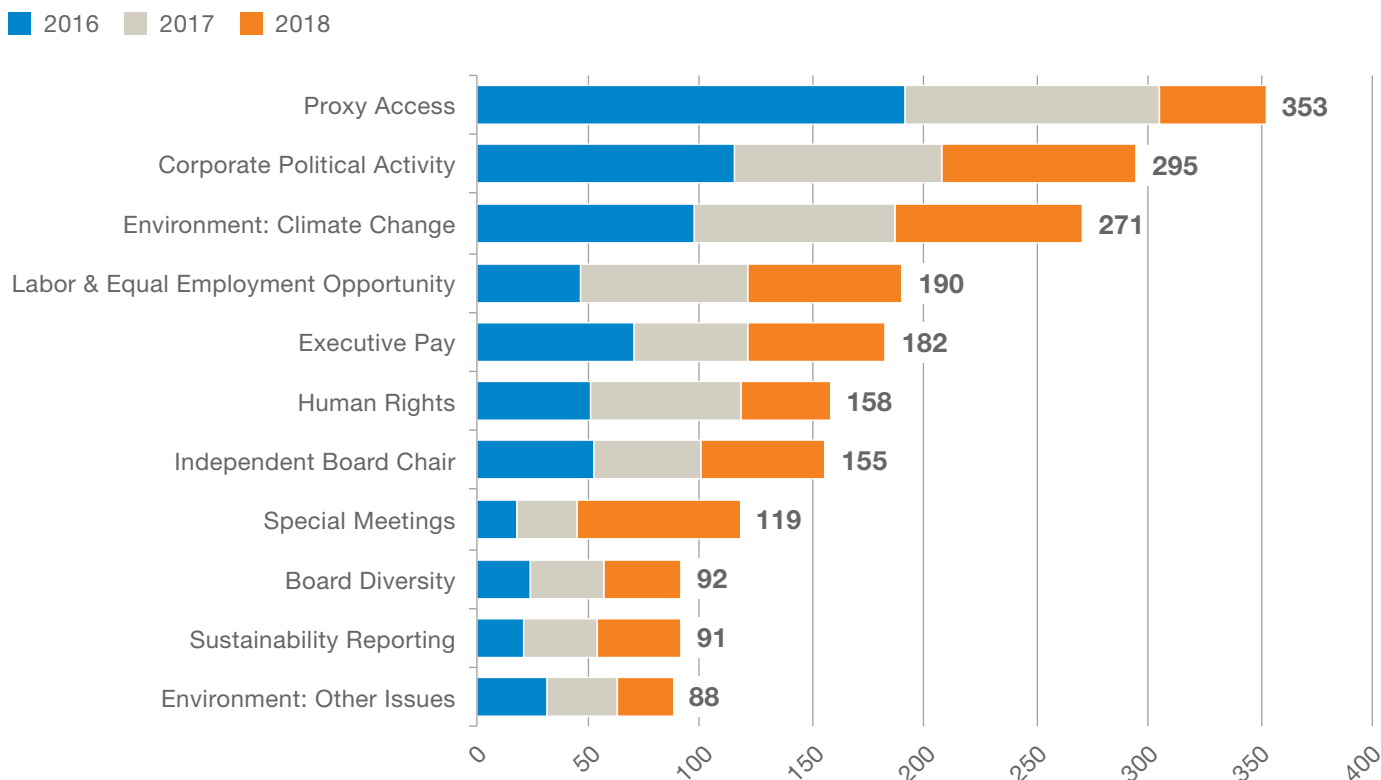
Public Policy: In addition, 48 money managers with collective assets under management of \$6.7 trillion said that they attempted to influence governmental policy or industry regulation on corporate ESG impacts. In 2016, 36 money managers representing \$4.6 trillion in assets answered this question affirmatively.

Highlights from Recent Proxy Seasons

During the proxy seasons of 2016 through 2018, responsible investors concentrated their efforts on making boards more accountable to shareholders and on improving board oversight

FIGURE 4.2

Leading ESG Issues 2016-2018, by Number of Shareholder Proposals Filed



SOURCE: ISS, Sustainable Investments Institute.

NOTE: Data for 2018 show numbers of proposals filed for 2018 meetings through July 15, and all vote results known as of July 15.

and corporate disclosure of ESG issues and risks. As shown in Figure 4.2, the leading initiative—based on the number of shareholder proposals filed—sought “proxy access” for shareholders meeting certain conditions to nominate directors to the board. Also prominent were proposals requesting that companies exercise greater oversight over their political spending and lobbying and reduce their climate change risk.

ENVIRONMENTAL AND SOCIAL ISSUES

A roundup of the leading categories of environmental and

social proposals from 2016 through 2018, based on the numbers filed and the numbers that came to votes, appears in Figure 4.3.

As shown by the number of proposals filed each year, the challenges and risks posed by climate change are the leading environmental or social concern raised by investors at US companies. In the last two years, investors also filed an expanded number of resolutions on fair labor issues, which included several new resolutions calling for gender pay equity. The third highest category, based on the number of proposals filed over

this period, was human rights, covered in a number of disparate resolutions. (Although political spending and lobbying proposals are classified in the “social” category by proxy research firms ISS and Sustainable Investments Institute, they are discussed in this chapter in the “Governance Issues” section to be consistent with the classification used in the preceding two chapters.)

Climate change also appears to be a high level concern for investors based on the average level of support these proposals receive. Proposals requesting companies to act on climate

change or to report on their sustainability programs and policies consistently received average support of 25 percent or more. Several proposals on these two topics received majority support from 2016 through 2018, as shown in Figure 4.4.

As shown by the number of proposals filed each year, the challenges and risks posed by climate change are the leading environmental or social concern raised by investors at US companies.

A watershed moment occurred in the 2017 proxy season when climate proposals at ExxonMobil, Occidental Petroleum and PPL received majority support. Each of the companies had been asked to show how their business strategies could comply with the goal of the Paris Climate Agreement to maintain global temperature rise to no more than 2 degrees Celsius above pre-industrial levels. A major factor in the high votes was BlackRock's decision to vote for the first time to support shareholder proposals aimed at reducing greenhouse gas emissions and climate risk,⁶ a decision it formalized in its 2018 proxy voting guidelines. Two other major asset managers, Vanguard and State Street, also supported

the shareholder proposals at ExxonMobil and Occidental Petroleum, a departure from their past policies.⁷

In 2018, two first-year resolutions that addressed two prominent public health issues—gun violence (filed at Sturm, Ruger) and the opioid crisis (filed at Depomed)—also earned majority support.

The number and proportion of shareholder proposals on social and environmental issues that receive high levels of support thus appears to be trending upward.

During the proxy seasons of 2012 through 2015, only three shareholder proposals opposed by management on environmental

FIGURE 4.3

Shareholder Proposals on Environmental and Social Issues 2016–2018

	Number of Resolutions Filed			Number of Resolutions Voted			Average Vote (%)		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
Environment: Climate Change	97	90	84	55	46	26	25.0	31.0	31.4
Environment: Other Issues	32	31	25	12	14	11	18.0	20.9	18.4
Human Rights	51	68	39	31	25	12	6.3	7.6	13.5
Labor & Equal Employment Opportunity	47	75	68	18	34	13	18.9	17.9	27.0
Sustainability Reporting/Management	22	33	36	16	14	10	28.8	25.1	32.4
Other Environmental & Social Issues	19	40	41	9	9	15			
Total	268	337	293	141	142	87			

SOURCE: Sustainable Investments Institute.

NOTE: Data for 2018 show numbers of proposals filed for 2018 meetings through July 15, and all vote results known as of July 15.

FIGURE 4.4

Highest Votes on Environmental and Social Proposals 2016–2018

Company	Issue	Proponent	Year	Vote (%)
Kellogg	Commend animal welfare policy	Humane Society of the U.S.	2016	98.19*
Sturm, Ruger	Report on gun safety and harm mitigation	Catholic Health Initiatives	2018	68.79
Occidental Petroleum	Report on 2-degree analysis and strategy	Nathan Cummings Foundation	2017	67.30
Depomed	Report on opioid crisis	UAW Retiree Medical Benefits Trust	2018	62.29
Exxon Mobil	Report on 2-degree analysis and strategy	New York State Common Retirement Fund	2017	62.11
Clarcor	Publish sustainability report	Walden Asset Management	2016	60.75
Kinder Morgan	Publish sustainability report	New York State Common Retirement Fund	2018	60.37
Kinder Morgan	Report on 2-degree analysis and strategy	Zevin Asset Management	2018	59.66
Genesee & Wyoming	Adopt greenhouse gas reduction targets	Calvert Research and Management	2018	57.24
Middleby	Publish sustainability report	Trillium Asset Management	2018	57.16
PPL Corporation	Report on 2-degree analysis and strategy	New York State Common Retirement Fund	2017	56.80
J.B. Hunt Transport Services	Adopt LGBT anti-bias policy	Trillium Asset Management	2016	54.70
Ameren	Report on coal ash risks	School Srs. of Notre Dame, Central Pacific	2018	53.24
Anadarko Petroleum	Report on 2-degree analysis and strategy	As You Sow	2018	53.03
Pioneer Natural Resources	Publish sustainability report	New York State Common Retirement Fund	2017	52.09
eBay	Report on gender/minority pay disparity	Arjuna Capital	2016	51.23
Palo Alto Networks	Report on EEO and affirmative action	Trillium Asset Management	2017	50.91
WPX Energy	Report on methane emissions/reduction targets	CalSTRS	2016	50.82
Range Resources	Report on methane emissions/reduction targets	Unitarian Universalist Association	2018	50.26
PNM Resources	Report on 2-degree analysis and strategy	Max and Anna Levinson Foundation	2017	49.95
Acuity Brands	Publish sustainability report	Trillium Asset Management	2018	49.79
Occidental Petroleum	Report on 2-degree analysis and strategy	Nathan Cummings Foundation	2016	48.99
American Financial Group	Publish sustainability report	New York State Common Retirement Fund	2018	48.36
Home Depot	Report on EEO and affirmative action	Benedictine Srs., Boerne - TX	2018	48.26
Dominion Energy	Report on 2-degree analysis and strategy	New York State Common Retirement Fund	2017	47.84

SOURCE: Sustainable Investments Institute.

*This resolution was supported by management.

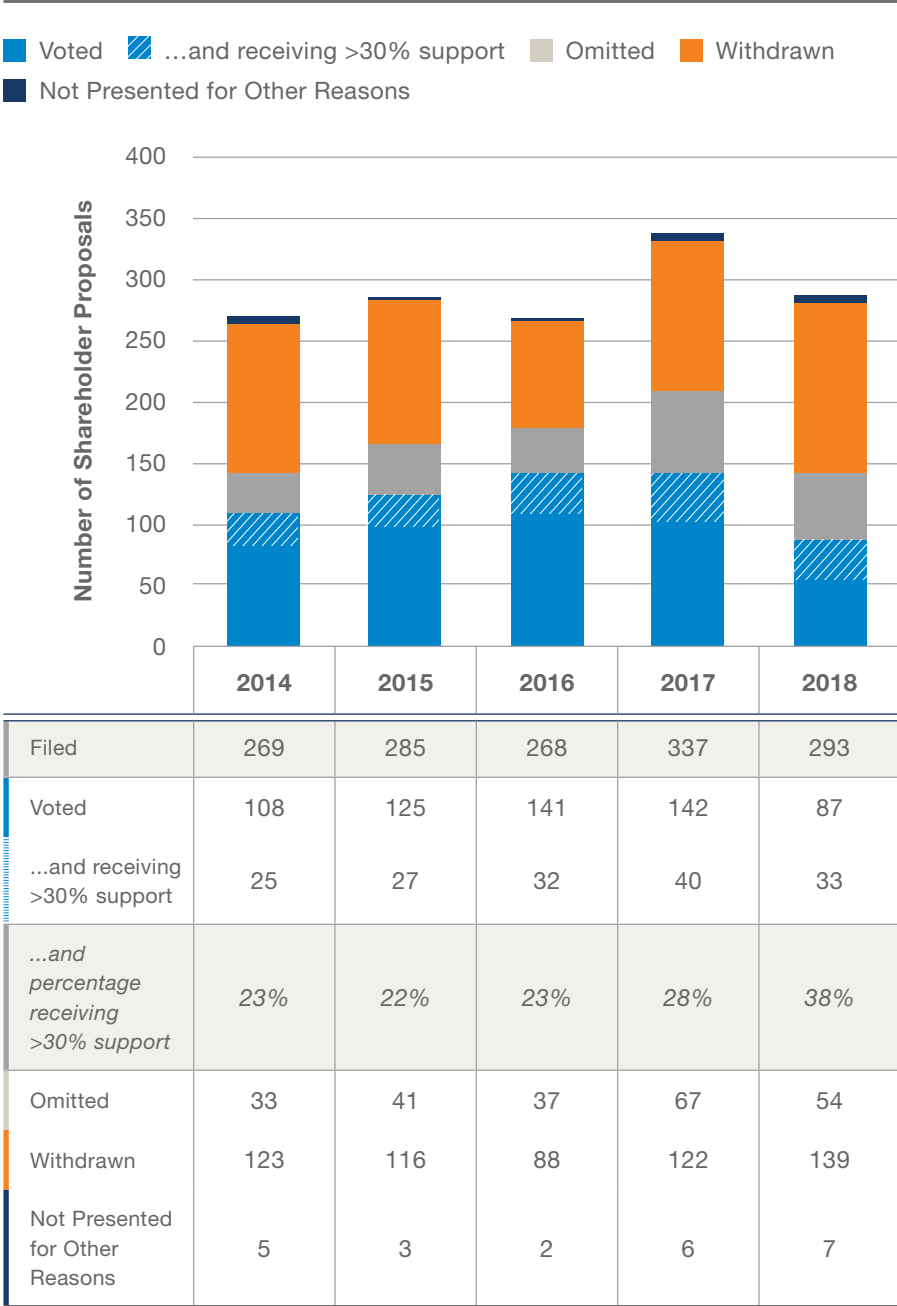
and social issues received more than 50 percent support, in contrast to the 18 proposals that did so in 2016 through 2018.

The number and proportion of shareholder proposals on social and environmental issues that receive high levels of support appears to be trending upward.

From 2014 through 2016, 22 to 23 percent of the proposals on environmental and social issues that came to votes received support levels of 30 percent or more of the shares voted. In 2017, the proportion of proposals clearing this threshold rose to 28 percent and in the first half of 2018, to 38 percent. Figure 4.5 shows the total number of shareholder proposals filed over the last five years as well as subtotals by final status.

Companies may have become more willing to negotiate with shareholder proponents now that large asset management firms seem to be growing more comfortable with voting against management on environmental and social proposals. Nearly half of the environmental and social issues proposals filed in 2018 were withdrawn, in many cases after the proponents held productive discussions with management.

FIGURE 4.5
Environmental and Social Proposals, by Status, 2014–2018



SOURCE: Sustainable Investments Institute, US SIF Foundation.
NOTE: Counts in 2018 are as of mid-July. In addition to the proposals that are omitted, withdrawn or voted, some proposals that are filed are not considered because of company mergers or because the proponents failed to present them.

Some of the recent highlights and shareholder advocacy success stories on environmental and social issues are detailed below.

Climate Change: A surge in shareholder proposals on climate change began in 2014 as investors wrestled with the prospects of “stranded” carbon assets, US and global efforts to curb greenhouse gas emissions and the calls by 350.org and other groups for divestment from fossil fuel companies. This increase has shown no signs of diminishing.

In the 2018 season, many shareholder proponents found that they were able to secure agreements from companies, in some cases after those proposals had received high votes in the previous years. Several companies in 2018 agreed to produce assessments of how their business operations could be aligned with the goal of preventing a rise in global temperatures of greater than 2 degrees Celsius above the pre-industrial era.

The New York State Common Retirement Fund, for example, announced early in 2018 that it had secured an agreement from Duke Energy to produce a climate change risk assessment that includes an analysis of the Paris Climate Agreement goals. The Fund’s 2017 proposal to Duke with this request had won the support of 46 percent of the shares voted. After filing or re-filing resolutions at several energy companies in 2018 with similar requests, the Fund also was able to secure agreements

to produce the requested reports from ExxonMobil (where the Fund’s proposal as noted earlier had received 62 percent support in 2017), PPL (56.8 percent in 2017), American Electric Power, DTE Energy, Dominion Energy and Southwestern Energy.

The Miller/Howard investment firm was able to withdraw resolutions concerning control of methane emissions at four oil and gas companies—Anadarko Petroleum, Devon Energy, EQT and Energen—when they agreed to improve their disclosures about mitigating methane leaks. Notably, EQT, which is the largest natural gas producer in the United States, has joined an industry initiative to reduce methane emissions to no more than 1 percent across the chain from wellhead to burner tip.⁸

Sustainability Reporting:

Requests related to climate change action as well as a host of other corporate responsibility issues have been raised over the years in investor requests for sustainability disclosures and reports. This is an issue where investors have frequently been able to obtain withdrawal agreements when the target companies agree to expand their disclosures. Over 2017 and 2018, for example, Trillium Asset Management was able to withdraw such proposals at Tesla, Cambrex and A.O. Smith when the companies agreed to produce the requested reports. Pax World similarly withdrew its resolution at Kaiser Aluminum when the company agreed to produce a sustainability

report. Pax also asked UPS to increase its sourcing of energy from renewable sources. When the company committed to a goal of 25 percent by 2025 and to publish this goal in its sustainability report, Pax withdrew the resolution.

Fair Labor and Pay Standards:

For much of the past decade, the majority of shareholder proposals filed on fair labor standards asked companies to adopt non-discrimination policies with regard to sexual orientation and gender identity. Investors strongly supported these proposals, frequently giving them majority support. Indeed, the one proposal on this issue that came to a vote in the last three years—at J.B. Hunt Transport Services—received the support of 54.7 percent of the shares voted. Given this context, shareholder proponents have had leverage in persuading companies to put the requested policies in place, and virtually all the other 20 proposals asking for such non-discrimination policies have been withdrawn following successful negotiations.

In the last three years, as anti-discrimination policies on sexual orientation have become commonplace at US corporations, responsible investors have focused on other persistent workplace discrimination issues. One initiative, led by the New York City Comptroller’s Office, asked companies to provide breakdowns, by race and sex, of their workforce using the nine job categories defined by the US Equal Employment Opportunity

Commission. These proposals have averaged support of 20 percent or more, and the three proposals that came to votes by mid-year 2018 won average support of 41 percent.

A larger batch of proposals, filed mostly by investment firms, asked companies to report on EEO and affirmative action. While just three such proposals were filed in 2016, the numbers had swelled to 12 and 20, respectively, in 2017 and 2018. These proposals have also benefited from strong support from investors. Trillium's proposal at Palo Alto Networks in 2017 achieved majority support, and the four proposals on this issue that came to votes by mid-2018 averaged support of 37 percent.

Still another initiative, which began in 2016, has asked companies to report on the gender pay gap. Arjuna Capital filed proposals at 10 technology companies asking for a report on company policies and goals to reduce this gap, which it defined as "the difference between male and female earnings expressed as a percentage of male earnings." Vote levels ranged from under 7 percent at Facebook to 51 percent at EBay, but Arjuna was also able to withdraw its proposals at several companies when they reported that the gender pay gap was closed or would be closed shortly.

By 2018, this initiative had grown to more than 30 proposals filed by Arjuna, the New York City pension funds and other investors. Although the five proposals that came to votes by mid-2018 earned

just under 15 percent support, the proponents were also able to secure several commitments in exchange for withdrawal agreements. Arjuna, for example, withdrew its proposal at American Express when the company agreed to report on pay differentials between men and women by the end of 2018 and to make pay adjustments as necessary for a goal of 100 percent gender pay equity. New York City Comptroller Scott Stringer announced that eight of the financial and healthcare companies where it had filed gender pay equity proposals in 2018—Abbott Laboratories, Aetna, Baxter International, Edwards Life Sciences, Metlife, Principal Financial Group, Progressive and Travelers—had agreed to "disclose new information on how they identify and eliminate gender pay disparities among their employees." The Comptroller noted that Aetna and Baxter International would be conducting gender pay analyses for the first time.⁹

As anti-discrimination policies on sexual orientation have become commonplace at US corporations, responsible investors have focused on other persistent workplace discrimination issues.

Human Rights: Sustainable investors filed dozens of resolutions on a wide range of human rights issues from 2016 through 2018. The highest vote-getter, noted above, was the proposal asking gun manufacturer

Sturm, Ruger to report on actions it is taking to mitigate harm from gun products, including efforts underway to research and produce safer guns and gun products, and on the reputational and financial risks it faces related to gun violence in the United States.

Numerous other human rights proposals did not go to votes after proponents secured agreements from target companies. Religious investors filed proposals at several companies requesting them to report on their procedures to ensure that their global suppliers follow ethical recruiting practices and do not employ forced or bonded labor. They withdrew the proposal at Amazon, when it agreed to discuss the issue further, and at Hershey's, McDonald's and Williams Sonoma when those companies agreed to adopt stricter standards for their suppliers or to publish reports on their due diligence efforts.¹⁰

In 2016 and 2017, two nonprofit groups—the Holy Land Principles and the Heartland Initiative—filed 38 proposals at US companies concerning their operations in Israel and Palestine. However, with one exception—a proposal at Merck that received 23.6 percent support—these proposals failed to attract support by 10 percent or more of the shares voted.

GOVERNANCE ISSUES

Sustainable and responsible investors, including public pension funds, labor funds and investment firms, seek to strengthen the governance of

portfolio companies so that directors and executives consider and adopt policies in the long-term interests of the companies, their shareholders and other stakeholders.

As shown in Figure 4.6 (and also in Figure 4.2), the leading governance issues during the 2016-2018 proxy seasons in terms of the number of proposals filed, concerned proxy access, corporate political activity and executive pay. In addition, substantial numbers of proposals asked companies to establish independent board chairs and to facilitate shareholders' ability to call special meetings. While relatively few proposals were filed or voted on board diversity, there were numerous signs that the issue is gaining traction among major investors.

Proxy Access: The board elections of publicly traded corporations have almost never been competitive, but shareholders have sought—and won—the right to nominate their own candidates under certain conditions. Typically, shareholders are presented with a single slate of candidates approved by the company's nominating committee. Until recently, shareholders wishing to propose alternative candidates had to send out their own alternative proxy ballots, which few have the resources to do. In 2015, however, New York City Comptroller Scott Stringer spearheaded a major proxy access shareholder campaign. The comptroller's proposal, on behalf of the city's pension funds, asked target companies to present a proxy access bylaw to shareholders for approval.

It specified that the bylaw should allow shareholders that have collectively owned 3 percent of the company's stock continuously for three years to nominate alternative candidates for up to a quarter of the board seats.

Over the course of 2015, 120 proxy access proposals were filed, 75 by the New York City funds. Of the 94 that went to votes, 60 percent received majority support. In 2016, New York City reported that it was able to withdraw more than 70 percent of the 72 proposals it filed when the companies agreed to enact proxy access without the need for a vote.¹¹ By the end of 2017, 475 US companies had adopted proxy access provisions, including 65 percent of the S&P 500,¹² compared with fewer than 1 percent in 2013.¹³

FIGURE 4.6

Shareholder Proposals on Governance Issues 2016–2018

	Number of Resolutions Filed			Number of Resolutions Voted			Average Vote (%)		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
Board Diversity	24	34	34	8	8	4	25.8	28.3	22.5
Corporate Political Activity	115	93	87	79	68	53	25.4	25.7	28.8
Executive Pay	71	51	60	53	37	37	18.7	16.7	23.8
Independent Board Chair	53	48	54	45	42	45	29.4	30.1	31.2
Proxy Access	192	112	49	76	51	39	51.2	45.8	31.2
Special Meetings	18	28	73	17	23	58	42.9	41.9	41.0
Other Governance Issues	168	166	121	110	101	98			
Total	641	532	478	388	330	334			

SOURCE: ISS, Sustainable Investments Institute.

NOTE: Data for 2018 show numbers of proposals filed for 2018 meetings through July 15, and all vote results known as of July 15.

Corporate Political Activity:

Investor demands for disclosure and oversight of corporate political spending and lobbying expenditures have long been one of the leading issues raised in shareholder proposals at US companies. Concerned shareholders want companies to exercise proper oversight to ensure that these payments serve the best interests of the firms and their shareholders and will not harm their reputations.

The campaign on political spending, advised by the Center for Political Accountability (CPA), has been waged by an investor coalition that includes pension funds, labor unions, environmental groups and sustainable investment managers. Since the start of this initiative in 2004, the CPA and its allies have persuaded scores of major companies to disclose and require board oversight of their political spending with corporate funds. Nonetheless, nearly half of S&P 500 companies today—49 percent—do not disclose their direct political spending.¹⁴ This is defined as their contributions to state legislative, judicial and local candidates, political parties, political committees and other political entities organized under Section 527 of the Internal Revenue Code, such as Democratic and Republican governors' associations and "Super PACs."

In a related initiative, since 2012 the American Federation of Federal, State, County and Municipal Employees (AFSCME) and Walden Asset Management have led a coalition of more than

60 investors that have asked companies to report as well on indirect political spending—lobbying expenditures through trade associations and nonprofit organizations that do not have to report their donors. The filers have often asked companies to explain their membership in organizations whose lobbying positions contradict the companies' policies on issues such as climate change, fair employment and public health. Coalition members have particularly targeted companies that are members of the American Legislative Exchange Council (ALEC), which lobbies against renewable energy mandates at the state level and opposes federal efforts to reduce greenhouse gas emissions.

A major highlight in the 2018 proxy season was ExxonMobil's announcement in July that it was quitting ALEC.

A major highlight in the 2018 proxy season was ExxonMobil's announcement in July that it was quitting ALEC. According to a company representative, the precipitating factor was ALEC's efforts to persuade the federal government to drop its statement that climate change is a threat to public health. Notably, Exxon's announcement came just weeks after a shareholder proposal, led by the United Steelworkers and joined by 25 co-filers, asked Exxon to disclose its federal and state lobbying, including

payments to ALEC. The proposal, in its seventh year before the company, received the support of 26 percent of the shares voted. Verizon withdrew from ALEC in September 2018, a few months after a lobbying disclosure proposal filed by Boston Common Asset Management received 36 percent support at the company's annual meeting. In total, more than 100 companies have left ALEC in the face of questions from their shareholders.

Executive Pay: The enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010 made it mandatory for publicly traded companies to allow an advisory vote on pay at least every three years. Shareholders have generally pulled their punches, though, in these voting decisions. According to proxy advisory firm ISS, from 2010 through 2015 only 51 Russell 3000 companies on average each year failed to get majority support from shareholders on their pay plans in these advisory votes—a failure rate of just 1.7 percent.¹⁵

In 2018, there were glimmers that this shareholder passivity might be declining; the number of Russell 3000 companies that failed their "say-on-pay" votes jumped to 2.5 percent. ISS noted that shareholders may have been reacting to the median increase in CEO pay of 9.3 percent in 2018, "one of the highest since the advent of say-on-pay."¹⁶ S&P 500 companies that failed these votes in 2018 included Ameriprise, Disney, Halliburton, Mattel, Mondelez, Western Digital

and Wynn Resorts. Five of these companies' CEOs (Ameriprise, Disney, Halliburton, Mondelez and Wynn Resorts) appeared on As You Sow's 2018 list of the 100 most overpaid.¹⁷ Shareholders may also have been reacting to new data, mandated of publicly traded companies beginning in 2018, on the ratio of the CEO's pay to that of the median employee. At Mattel, one of the failed companies, the ratio was nearly 5,000.

But overall, shareholders acquiesced to executive pay packages in 2018. As the EY Center for Board Matters note, "Even looking at the 20 companies with the highest pay ratios so far, more than half secured support from 90 percent or more—including three of the companies among the top five highest ratios."¹⁸

In addition to weighing in on management-sponsored advisory resolutions on pay, public funds, labor funds and individual investors have filed shareholder proposals to correct or curb various executive pay practices they view as problematic. On average, though, support from other investors has been muted, as shown in Figure 4.6.

Independent Board Chair:

Investors concerned about good governance have long called for US companies to separate the positions of chief executive officer and board chair, and to ensure the board chair is independent—not a current or former executive of the company. Since the CEO

and board chair are the two most authoritative positions in a boardroom, assigning both these roles to a single individual removes the checks and balances critical to good governance.

Although it is common practice in other industrialized countries to separate these two positions, the practice has been slower to catch on in the United States. Still, there has been progress in the last several years. Spencer Stuart reports that 51 percent of S&P 500 companies' boards had separate chair and CEO positions in 2017, compared with 48 percent in 2015, and 29 percent in 2005. The chair was independent at 28 percent of these companies, compared with just 9 percent in 2005.¹⁹

In 2018, there were glimmers that shareholder passivity regarding executive pay might be declining.

Special Meetings: The most successful group of shareholder proposals on governance, based on their average vote support, were requests that companies amend their bylaws to reduce the share ownership threshold required of shareholders to be eligible to call for a special meeting to 10 or 15 percent. Led by three individual investors, the number of proposals filed on this subject zoomed from 18 in 2016 to more than 70 in 2018, consistently averaging more than 41 percent support each year.

Board Diversity: For decades, sustainable investors have pressed for companies to actively seek racial and gender diversity on their boards, and these efforts have received more visibility and allies in recent years.

In early 2012, when fewer than 13 percent of the board seats of the S&P 1500 (10.6 percent) or the Russell 3000 (11.6 percent) were filled by women,²⁰ a group of institutional investors calling itself the Thirty Percent Coalition emerged with the aim to change that statistic. Its original goal was to increase the percentage of board seats held by women to 30 percent by 2015.

Although the Coalition's original deadline has not been met, the percentage of S&P 1500 board seats held by women reached 20 percent in 2018, according to ISS. Progress with regard to racial and ethnic diversity on boards has been more uneven, with ISS reporting that the percentage of S&P 1500 board seats held by members of racial and ethnic minorities reached 10.6 percent, "the highest level in 10 years."²¹

Sustainable and responsible investors continue to file resolutions asking companies to make a formal commitment to increase board diversity. In 2018, a new variant of this proposal emerged, with 14 companies asked to practice the "Rooney Rule" used by the National Football League: in other words, to agree that the initial list of potential nominees for director seats from the

Investors Assess Racial and Ethnic Diversity at US Companies

In the last few years, a number of sustainable investors have filed shareholder resolutions to get more data on racial and ethnic diversity, as well as gender diversity, at US companies. Several of these proposals ask for companies' EEO-1 reports, which categorize employment data by race/ethnicity, gender and job category. These reports show whether women and minorities are reaching middle and senior level positions, or whether they are holding predominately entry-level positions.²⁵

There is a strong business case for investor interest in racial and ethnic diversity at their portfolio companies. McKinsey and Company found a positive correlation between racial and ethnic diversity in senior management and corporate financial performance in its 2015 study of 366 public companies across a range of industries in Canada, Latin America, the United Kingdom and the United States. Companies with higher levels of senior-level racial diversity "are 35 percent more likely to have financial returns above their respective national industry medians."²⁶ Among US companies it analyzed, the correlation was

particularly strong: "For every 10 percent increase in racial and ethnic diversity on the senior-executive team, earnings before interest and taxes (EBIT) rise 0.8 percent."²⁷

The nonprofit OpenMIC recently released a report that critiqued US tech companies on their racial diversity. In 2016, only 4 percent of Facebook employees were Latino, and only 2 percent were black. Although Amazon at first glance appears to be doing better—31 percent of its employees are black or Latino—they are primarily in the lowest-wage positions, rather than at the management level.²⁸

Some investors such as Zevin Asset Management have focused on engaging companies around racial equity beyond EEO reporting. Along with screening out companies "that have a history of exploiting minority and economically disadvantaged communities" and that benefit from mass incarceration (such as private prisons), the team is also actively engaging with companies on prison work programs in their supply chains.²⁹

Members of the Interfaith Center for Corporate Responsibility have

formed a Fair Chance Hiring Campaign to ensure that corporate employers do not automatically reject job candidates who have served prison sentences. As ICCR explains:

An estimated 70 million Americans, or almost 1 in 3 adults, have some sort of criminal record, and while they have paid their debt to society, this record disqualifies them from most employment opportunities. Many of these people are qualified individuals who do not pose any risk in the workplace. Yet having a criminal record carries an often unwarranted stigma that limits a person's ability to be absorbed back into the community and obtain employment. The successful transition of people from incarceration back to the community, including the opportunity for stable employment, is a vital deterrent to criminal conduct and recidivism.³⁰

Campaigns such as ICCR's are an important strategy to address disparities in the US justice and incarceration system.

nominating committee will include qualified women and minority candidates. The majority of board diversity proposals in recent years have been withdrawn when the proponents secured these

commitments from companies in advance of the annual meeting.

Investors also appear to be more willing to vote "no" in board elections where all board seats

are held by men. Sustainable investment firms have typically voted against the re-election of directors on the nominating committees of boards lacking racial and gender diversity.

The New York State Common Retirement Fund, CalPERS, and the Massachusetts and Rhode Island pension funds also have used a “Vote No” approach for inadequately diverse boards. Larger asset managers such as State Street and BlackRock appear to be following suit.²² BlackRock, in its 2018 proxy voting guidelines, says “we would normally expect to see at least two women directors on every board” and that if “a company has not adequately accounted for diversity in its board

composition, we may vote against the nominating/governance committee members.”²³

Investors also appear to be more willing to vote “no” in board elections where all board seats are held by men.

The combined effect of voting guidelines such as these was noticeable in 2018. As the EY Center for Board Matters notes:

While director opposition votes typically average 3 percent to 4 percent, average votes against all-male boards are significantly higher—and rising....Notably, opposition votes at all-male S&P 1500 boards have more than doubled since 2015, with those chairs receiving an average opposition vote of 15.2 percent this year vs. just 3.6 percent for the same role at boards that are 20 percent female.²⁴

V. Methodology

To identify assets under professional management in the United States engaged in sustainable, responsible and impact investing (SRI) strategies, the US SIF Foundation employs a combination of direct surveying as well as primary and secondary research.

This section describes the data sources, data qualification and research process employed for this report. It also outlines improvements to the methodology used in the 2018 surveying. Finally, this section identifies SRI assets that could not be captured during research.

This report primarily is a quantitative, behavioral study. It seeks to measure professionally managed investment assets that fall within at least one of the key strategies of SRI: (1) the incorporation of environmental, social and corporate governance criteria into investment analysis and portfolio selection, which includes the activities of community investing institutions; and (2) the filing or co-filing of shareholder resolutions on ESG issues.

As a behavioral study, the report avoids making qualitative judgments about intent. If an

institution or money manager confirms that it uses at least one SRI strategy, its assets are included in the report. Some investors, money managers and mutual funds included in this study may not consider themselves to be “sustainable” or “responsible” investors or actively involved in “SRI.”

However, through insights voluntarily provided by 141 money managers and 92 institutional investors into the motivations, techniques and additional activities behind their sustainable and responsible investment practices, the report includes some qualitative information as well.

Calculation of SRI Assets

The US SIF Foundation, along with research team members at Croatan Institute, distributed an online information request to

money managers and institutional investors that was open from April through August 2018. The research team also reviewed annual reports; financial statements; SEC forms ADV by money managers and IRS 990 filings by nonprofit organizations; 5500 filings by plan sponsors; and gathered data from third-party providers and trade associations of community investing institutions, investment companies and institutional investors.

The US SIF Foundation considered that an institution or money manager engaged in SRI if its investment activities included ESG incorporation or filing shareholder resolutions on ESG issues, as described below.

ESG INCORPORATION

If the institution or money manager incorporated one or more ESG criteria as an explicit part of investment policy or practice as of

December 31, 2017, that portion of the portfolio's investment assets was credited toward the assets aggregated in this report. Each qualifying money manager or institution had to confirm the ESG criteria utilized and the assets affected by them in one or more of the following ways:

- responding to the US SIF Foundation's online information request;
- responding to research team members who interviewed them by telephone or corresponded with them by email; or
- providing the relevant data in publicly available sources such as annual reports, prospecti, websites, filings with the SEC, Department of Labor, IRS or other relevant government agency, or Transparency Reports to the Principles for Responsible Investment.

If asset data were unavailable as of December 31, 2017, then publicly available data closest to that date were used.

In addition, the research team counted institutions that have historically confirmed incorporating ESG criteria into investments but did not respond to the 2018 information request. Estimates for these institutions' ESG assets were based on their reported ESG assets from the 2016 Trends Report and updated based on their most recently available information as of December 31, 2017. (Institutions that did not provide information on their ESG investment activity more recently than 2015, or for

which the US SIF Foundation and its research partners were unable to find information more recent than 2016, were excluded from this estimation.)

The assets as of December 31, 2017 of US-based community investing institutions were also included in the ESG incorporation section of the report. The definitions of community investing institutions and data sources for their assets are described in "Data Sources and Enumeration" below.

FILING SHAREHOLDER RESOLUTIONS

The US SIF Foundation counts an institution as a shareholder proponent if it sponsored or co-sponsored at least one shareholder resolution on ESG issues, as tracked by the Interfaith Center on Corporate Responsibility (ICCR), Institutional Shareholder Services (ISS) or Sustainable Investments Institute, between 2016 and July 2018. For each such institution, the total US-domiciled assets under its management as of December 31, 2017 were included in the shareholder resolutions subtotal of the aggregate SRI universe. Some institutions self-reported filing shareholder resolutions during this time period that were not tracked by the above organizations. In those cases, the research team contacted the institutions to confirm the information. The assets of institutions that self-reported filing resolutions but could not be confirmed as having done so since 2016 were not included in the shareholder advocacy subtotal of the report's aggregate SRI universe.

The assets of investors involved in both ESG incorporation and shareholder advocacy were controlled to avoid potential inflationary effects of double counting prior to aggregation of the broader SRI universe.

Additional Survey Data

The US SIF Foundation also used the online information request to gather responses from money managers and institutional asset owners that would provide insights into the motivations, techniques and additional activities behind their sustainable and responsible investment practices.

These survey questions asked recipients:

- the ESG incorporation techniques they use with five not mutually exclusive response options (e.g., negative/exclusionary, positive/best-in-class, ESG integration, sustainability-themed and impact),
- the breakdown of their ESG incorporation assets by asset class,
- the breakdown of their ESG incorporation assets by active versus passive management, and
- the reasons they consider environmental, social or governance criteria in investment selection and/or investor advocacy, with eight not mutually exclusive response options.

Survey recipients were also asked if they engaged in:

- dialogue with current or potential investees in order to improve the companies' ESG practices or disclosure, either directly or through a service provider representing their assets;
- legal action or public campaigns toward a company for failure to address their concerns on ESG issues; or
- attempts to influence governmental policy or industry regulation to require companies to improve their ESG disclosure or impact through engagement with policymakers or regulator bodies, or through public opinion.

The research team relied solely on survey responses for the answers to these questions. It did not attempt to supply, augment or corroborate this information through secondary research.

Data Sources and Enumeration

With its research partners, the US SIF Foundation developed an information request that was circulated via email to 628 money managers and 1,182 institutional investors. Money managers and institutional investors responding to this information request provided much of the data for this report. Supplementary data were obtained through primary and secondary source research

conducted by the US SIF Foundation and Croatan Institute.

MONEY MANAGERS AND COMMUNITY INVESTING INSTITUTIONS

The online information request described above was one important component of the US SIF Foundation's research into asset management firms and investment advisors that incorporate ESG criteria into investment analysis or decision making. The information request collected data on the firms' total US-domiciled assets under management, the US-domiciled assets subject to ESG criteria, each US-domiciled investment vehicle and account incorporating ESG criteria, and the specific ESG criteria applied.

The request targeted US SIF members as well as non-member firms, identified through the following sources:

- a proprietary database of managers and funds maintained by the US SIF Foundation;
- lists of US managers with environmental and social investment funds maintained by Bloomberg and Morningstar;
- money managers included in lists of shareholder proponents provided by ICCR, ISS or Sustainable Investments Institute; and
- responsible and impact investment networks such as the Principles for Responsible

Investment, the Investor Network on Climate Risk, the CDP and the Global Impact Investing Network.

Based on responses to the information request and primary and secondary research in fund prospectus documents, annual reports, statements of additional information, press releases, SEC forms ADV and other SEC filings, media reports, and other public and private data, the research team was able to identify 390 money managers with \$30.1 trillion in assets under management. Of these money managers, 365 were found to incorporate ESG criteria into their investment analysis and decision-making processes, affecting \$11.6 trillion in assets under management, before double-count controls were implemented.

In addition, the US SIF Foundation sought to identify US community investing institutions (including US-based microfinance funds with international operations). The US SIF Foundation defines a community investing institution as a private sector organization, whether for-profit or nonprofit, that has a primary mission of providing access to credit, equity and financial services to communities underserved by traditional financial institutions. This includes, but is not limited to, the community development financial institutions (CDFIs) certified by the US Department of the Treasury. Sources included the following:

- the Department of the Treasury's CDFI Fund, for the assets of banks, credit unions, loan funds and venture capital funds certified as CDFIs;
- the National Federation of Community Development Credit Unions, for the assets of its members (not all of which are certified CDFIs); and
- Calvert Impact Capital, for the assets of US-based international microfinance funds, which channel capital to microfinance institutions and community development projects abroad.

From these combined sources, the US SIF Foundation constructed a total enumeration of 1,145 community investing institutions with total assets under management of \$185 billion.

INSTITUTIONAL INVESTORS

To measure institutional investor assets subject to ESG criteria, the US SIF Foundation collected data on various types of institutional asset owners, including public funds, insurance companies, educational institutions, philanthropic foundations, labor funds, hospitals and healthcare plans, faith-based institutions, other nonprofits, and family offices.

The information request was circulated to contacts at 1,182 institutional investors. The

research team also conducted additional research in publicly available sources including annual reports and financial statements, IRS 990 filings by nonprofit organizations, assets reported by colleges and universities to the National Association of College and University Business Officers, and assets reported by retirement plans to the Department of Labor. Between investor responses to the information request and additional research, this report identified 662 institutional investors with total assets of \$8.7 trillion. Of these institutions, 496 were confirmed as incorporating ESG criteria across \$5.61 trillion in assets as of December 31, 2017.

The \$5.61 trillion of ESG incorporation assets identified through this research was equivalent to just 65 percent of the \$8.60 trillion in ESG assets that money managers identified as institutional. The differential is explained in large part by the fact that US SIF Foundation was not able to contact, or obtain public data on, every US-based institutional investor in its database, and not all investors responded to the information request. Because money managers do not disclose information about their institutional clients, this subset of data on institutional investors provides the basis for the analysis of institutional ESG investing trends in Chapter III.

SHAREHOLDER RESOLUTIONS AND THEIR FILERS

Based on data provided by ICCR, ISS and the Sustainable Investments Institute, along with verified self-reported shareholder filers, the US SIF Foundation identified 219 institutional shareholder proponents who filed or co-filed at least one resolution on an ESG issue since 2016. Foreign investors without any identifiable presence in the United States and individual investors were excluded from research.

The research team was able to identify the total assets of the majority of these proponents—165 institutional investors and 54 money managers—\$1.76 trillion as of December 31, 2017. Of these assets, \$1.40 trillion were confirmed as also subject to ESG incorporation into investment decision making or analysis, and consequently controlled for the potential effects of double counting prior to aggregation.

TOTAL ASSETS UNDER PROFESSIONAL MANAGEMENT IN THE UNITED STATES

To determine the total assets under professional management in the United States, the US SIF Foundation relied upon data provided by Cerulli Associates, based on the total assets reported by US-based investment managers, plan sponsors, endowments and foundations

after controlling for double counting. Cerulli estimated \$46.6 trillion were under professional management in the United States as of December 31, 2017, up from \$40.3 trillion at year-end 2015.

Quality Control and Elimination of Double Counting

To calculate the total universe of US-domiciled assets under management subject to SRI strategies, the research team aggregated the assets derived from the various research phases. First, however, rigorous controls were put into place to avoid double counting:

- money managers, community investing institutions or investment advisors that sub-advise other investment vehicles already tracked;
- investment advisors that use “funds of funds” or separate account platforms that merely redirect assets into funds already tracked (although the counts of these funds of funds remain in the analysis in Chapter II on ESG incorporation by money managers since they still represent an investable product with their own characteristics.); or
- the assets of shareholder resolution proponents that also incorporate ESG criteria into their investments.

Additionally, money managers were asked to report the amount of assets in each investment vehicle belonging to institutional clients, and the amount of assets belonging to retail or high-net-worth individual clients. The institutional to retail breakdown was also determined through research on information publicly available through SEC forms ADV and annual reports.

Based on consultation with community investing experts, the US SIF Foundation research team allocated community investing institution assets to the retail and institutional categories of money managers’ ESG incorporation assets as follows:

- 65 percent of community development bank and community development credit union total assets were estimated as individual or “retail” client account assets, and 35 percent were estimated as institutional, and
- 100 percent of community development loan funds and venture capital funds were assigned to the institutional portion of money manager ESG assets.

Although in previous reports, all loan funds were excluded from the aggregate analysis in order to avoid potential double counting, this year there was a significant increase in the assets of non-CDFI loan funds that were not focused on community

criteria. Therefore, all duplicate funds were removed, and the remaining non-CDFI loan funds were counted within the Other Commingled Funds category.

Extensive verification was conducted for each section of the report, through cross-checking multiple data sources and individually contacting investment managers and investment officers at institutions where appropriate. Particular care was taken to track ESG criteria according only to the assets subject to a particular mandate. Thus, if only a portion of an institutional investor’s portfolio was subject to environmental factors, for example, only that portion was credited as such.

Methodology Improvements

The US SIF Foundation has conducted its trends research since 1995. From time to time, the report and its methodology are enhanced. Changes for the 2018 report include the following:

- In this year’s analysis, “Other Pooled Products” was renamed “Other Commingled Funds” to avoid confusion as to what this category includes. Similarly, the “Other/Not Listed” category was renamed “Uncategorized Money Manager Assets.” As with the 2016 report, separate accounts are included in “Uncategorized Money Manager Assets.”

- When asking the motivation for considering ESG criteria in investment selection, the information request included the option, “to help fulfill one or more of the UN Sustainable Development Goals” for the first time.
- As part of the Strategies portion, the information request added a question asking recipients to specify the percentage of ESG assets in fixed income, publicly traded equity, and other asset classes. A second question asked what percentage of ESG assets were in passive investment strategies.
- The information request also added checkboxes for sub-advised products and for certified CDFIs.

Conservative Bias: Note on Undercounting

Although the US SIF Foundation and its research partners make a best effort at comprehensively tracking the assets engaged in SRI strategies, certain assets are not included in the report’s overall aggregate SRI universe for various reasons. This inability to capture certain assets involved in SRI strategies introduces a conservative bias into this report’s methodology. Assets that are not captured in the report’s aggregate figures include the following examples.

ESG INCORPORATION

The ESG assets of institutional investors may not be captured if the institution was not included in the information request, if it failed to respond to an information request, or if its assets and incorporation of ESG issues could not be verified through publicly available information.

The assets of any institution or manager reporting that it takes ESG issues into account in its investment decisions but which failed to report its assets were excluded, unless publicly available asset data were available.

With ESG information increasingly available to the public and with online brokerages providing ESG model portfolios for retail investors, individuals can now readily incorporate ESG factors into their investment decisions in highly tailored ways. However, investments made directly by individuals are only captured in this report if the individual investors utilized a money manager, investment vehicle or other institution whose assets are included in the report. Additionally, the assets of high-net-worth “angel” investors that make direct private investments—for example, through investor networks fostered by groups such as the Slow Money Alliance—cannot readily be captured through current methods, unless they are made through intermediaries included in the underlying datasets.

Substantial community investment is deployed through entities that are not recognized as community investing institutions as defined above but that may be complementary to the industry, such as community development corporations, community development entities, community development municipal bonds, economically targeted investments, low-income housing tax credits, targeted mortgage-backed securities, and investments made in accordance with Community Reinvestment Act requirements that were not made through a community investing institution as defined in this report. A small portion of these investments may be captured through institutional investors’ assets incorporating community issues. However, these investments are generally not included in the ESG incorporation subtotal of the aggregate SRI universe.

ENGAGEMENT AND SHAREHOLDER ADVOCACY

This report does not include the assets of any individual investors involved in filing shareholder resolutions on ESG issues. It also excludes the assets of money managers or institutions that filed shareholder resolutions if they failed to respond to an information request and if their assets were unavailable through publicly available sources. Also excluded from the subtotal were the assets of any institution or money manager that reported filing shareholder resolutions, but

did not sponsor or co-sponsor a resolution since 2016.

In addition, the total of assets involved in shareholder advocacy only includes the assets of those money managers and institutional investors that filed shareholder resolutions. If investors engaged solely in other shareholder engagement activities like proxy voting, letter-writing or private dialogue, undertaking legal action or public campaigns toward a company, or attempting to influence governmental policy or industry regulation to require companies to improve their ESG impacts, their assets are not included in this total.

In short, there are a number of investors, advisors and institutions involved in sustainable and impact investing strategies that are not

readily identifiable through the methodology used for this report or whose engagement activities the US SIF Foundation does not include in its overall measure of US-domiciled assets engaged in SRI strategies.

Special Note on Time Series

Over time, data collection for the US SIF Foundation's Trends reports has improved, as increased numbers of money managers and institutions have become more willing to disclose their sustainable and responsible investing activities, through our information requests or through other publicly available data sources like the PRI Transparency Reports. Growth in sustainable investment, therefore, has occurred in many

ways, including through net inflows into and the financial performance of existing products, the development of new ESG products, and the adoption of responsible investment strategies by managers and institutions not previously involved in the field. For these reasons, the US SIF Foundation advises against using these data for highly technical time-series analysis.

Because of the reclassification of "Separate Accounts" as "Uncategorized Money Manager Assets" starting in 2016, in Figure 2.24, historical data have been corrected to reflect this reclassification. In this year's report, the historical data for this segment have also been corrected to reflect the number of managers, rather than the number of products.

VI. About the Publisher

The US SIF Foundation, a 501(c)(3) organization, undertakes educational and research activities to advance the mission of **US SIF: The Forum for Sustainable and Responsible Investment**. US SIF is the leading voice advancing sustainable, responsible and impact investing (SRI) across all asset classes. Its mission is to rapidly shift investment practices towards sustainability, focusing on long-term investment and the generation of positive social and environmental impacts. Both US SIF and the US SIF Foundation seek to ensure that environmental, social and governance impacts are meaningfully assessed in all investment decisions to result in a more sustainable and equitable society.

Among the hundreds of US SIF members are investment management and advisory firms, asset owners, mutual fund companies, research firms, financial planners and advisors, broker-dealers, community investing institutions and non-profit organizations.

Resources for the Media and the Public

Members of the media and the public can find many resources from the US SIF Foundation at www.ussif.org. Highlights include the following reports and guides.

- ***Incorporating Sustainable, Responsible and Impact Investing Into Your Practice: A Roadmap for Financial Advisors*** (2018): This roadmap details the steps financial advisors can take not only to get started in offering sustainable, responsible and impact investment services to clients, but also to deepen their SRI practices. The report provides essential background information and guides advisors in how to identify and add relevant products, introduce SRI to clients, update clients' Investment Policy Statements, handle asset allocation, communicate expertise, and monitor impact performance.
- ***Moving Forward with Sustainable, Responsible and Impact Investing: A Roadmap For Money Managers*** (2018): This roadmap, designed with input from portfolio managers at US SIF member firms, provides step-by-step advice for money managers on how to incorporate sustainable, responsible and impact investing at their firms. It explains the key components of SRI practice and sets forth the business case for SRI, with a review of studies on SRI financial performance and risk reduction, recent guidance on fiduciary duty, and the growing demand for SRI among institutional and retail investors.
- ***Adding Sustainable and Responsible Investing Options to Defined Contribution Plans: A Resource Guide for Plan Sponsors*** (2017): Building upon increased interest in sustainable investment and recent changes to relevant ERISA guidance, this guide assists plan sponsors considering the addition of a sustainable and responsible investment option to their defined contribution (DC) retirement plans. The five steps include increasing knowledge of SRI, gauging participants' interest, discussing implementation, choosing funds and educating participants. Along with practical tips and suggestions, the guide provides links to additional resources plan sponsors can leverage.

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Endnotes

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IV. INVESTOR ADVOCACY

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Endnotes continued

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Appendices

Appendix 1

Glossary of Environmental, Social and Governance Criteria

Money managers and institutional investors engaging in ESG incorporation consider various community, environmental, social, corporate governance and product-related factors in investment analysis, decision making and portfolio construction. Here is a list of the criteria that respondents to the 2018 US SIF Foundation survey could select.

Community Criteria

AFFORDABLE HOUSING: focus on provision, development and/or rehabilitation of housing for low- and moderate-income people.

COMMUNITY RELATIONS/ PHILANTHROPY: consideration of companies' corporate giving and community relations.

COMMUNITY SERVICES: focus on provision of services for low- and moderate-income communities, including childcare, education and healthcare.

FAIR CONSUMER LENDING: focus on access to responsible financial services for underserved people.

MICROENTERPRISE: focus on access to credit for domestic and international microbusinesses in underserved communities.

PLACE-BASED INVESTING: investments targeting a defined geographic area both for financial returns and to generate social or environmental benefits in that area.

SMALL & MEDIUM BUSINESSES: focus on access to credit for small and medium businesses in domestic and international underserved markets, as well as social enterprises.

OTHER COMMUNITY: focus on community issues outside of the criteria specified above.

Environmental Criteria

CLEAN TECHNOLOGY: focus on businesses dedicated to environmentally sustainable technologies or efficient use of natural resources.

CLIMATE CHANGE/CARBON: focus on risk and opportunities related to climate change and greenhouse gas emissions.

FOSSIL FUEL DIVESTMENT: exclusion or partial exclusion of companies engaged in the extraction or production of coal, oil or natural gas.

GREEN BUILDING/SMART GROWTH: focus on real estate that meets energy efficiency or green building standards and/or smart growth principles including urban infill, transit-oriented development and preservation of open space.

POLLUTION/TOXICS: consideration of toxicity of products and operations and/or pollution management and mitigation, including recycling, waste management and water purification.

SUSTAINABLE NATURAL RESOURCES/AGRICULTURE: focus on sustainable agriculture and food products as well as sustainably managed natural resources, including timber and water.

OTHER ENVIRONMENTAL: focus on environmental issues outside of the criteria specified above.

Social Criteria

CONFLICT RISK: Exclusion or partial exclusion of companies that conduct business in countries identified as repressive regimes or state sponsors of terrorism.

EEO/DIVERSITY: consideration of diversity and equal employment opportunity policies and practices relating to race, religion, ethnicity, gender and/or sexual orientation and identity that apply to employees, company ownership or contractors.

GENDER-LENS: focus on investment products or companies that actively support women's socioeconomic advancement.

HUMAN RIGHTS: consideration of risks associated with human rights and of companies' respect for human rights within their internal operations and the countries in which they do business.

LABOR: consideration of companies' labor or employee relations programs, employee involvement, health and safety, employment and retirement benefits, union relations or workforce reductions.

PRISON-RELATED ISSUES: consideration of risks associated with for-profit prison companies, providing services to prisoners at predatory pricing, or refusing to hire ex-prisoners.

OTHER SOCIAL: focus on social issues outside of the criteria specified above.

Governance Criteria

BOARD ISSUES: consideration of the directors' independence, diversity, pay and responsiveness to shareholders.

EXECUTIVE PAY: consideration of companies' executive pay practices, especially whether pay policies are reasonable and aligned with shareholders' or other stakeholders' long-term interests.

POLITICAL CONTRIBUTIONS: consideration of companies' management and disclosure of corporate political spending or lobbying activities, and of risks associated with corporate political activities.

TRANSPARENCY AND ANTI-CORRUPTION: consideration of companies' policies to prevent bribery, racketeering and other corrupt practices.

OTHER GOVERNANCE: focus on governance issues outside of the criteria specified above.

Product and Industry Criteria

ALCOHOL: exclusion or partial exclusion of companies involved in the production, licensing and/or retailing of alcohol products, or in the manufacturing of products necessary for production of alcoholic beverages.

ANIMAL TESTING/WELFARE: consideration of companies' policies and practices toward animals in consumer product testing, where such testing is not legally required, particularly where such tests inflict pain or suffering on the test animals, and on the treatment of animals raised or used for food and other goods and services.

FAITH-BASED: criteria based on specifically religious grounds, generally in reference to the principles of Christian, Jewish or Islamic faiths.

MILITARY/WEAPONS: exclusion or partial exclusion of companies that derive a significant portion of their revenues from the manufacture of weapons as

defense contractors or from the manufacture or retailing of firearms or ammunition for civilian use.

GAMBLING: exclusion or partial exclusion of companies involved in licensing, manufacturing, owning or operating gambling interests.

NUCLEAR: exclusion or partial exclusion of companies involved in nuclear power production.

PORNOGRAPHY: exclusion or partial exclusion of companies that derive a significant portion of revenues from the production or distribution of adult entertainment products, owning or operating adult entertainment establishments, or providing adult entertainment programming through cable or pay-per-view services.

PRODUCT SAFETY: consideration of products' safety and impact on consumers' psychological or physical health.

TOBACCO: exclusion or partial exclusion of companies involved in the production, licensing, and/or retailing of tobacco products, or in the manufacturing of products necessary for production of tobacco products.

OTHER PRODUCTS: focus on product or industry issues outside of the criteria specified above.

Appendix 2

Mutual and Exchange-Traded Funds Incorporating ESG Criteria

Mutual Funds	Assets (in Millions)		
13D Management		Ariel Investments	
13D Activist Fund	\$299.9	Ariel Appreciation Fund	\$1,693.7
1919 Investment Counsel, LLC		Ariel Fund	\$2,248.0
1919 Socially Responsive Balanced Fund	\$128.4	Ascendant Advisors LLC	
Accrued Equities, Inc.		Patriot Fund	\$35.3
New Alternatives Fund	\$213.0	Patriot Balanced Fund	\$18.2
Affiliated Managers Group (AMG)		Aspiration	
Fairpointe ESG Equity Fund	\$6.5	Aspiration Redwood Fund	\$49.5
AFL-CIO Housing Investment Trust		AXA Equitable Funds Management Group	
AFL-CIO Housing Investment Trust	\$6,200.0	1290 SmartBeta Equity Fund	\$15.1
AGF Investments America Inc.		Azzad Asset Management, Inc.	
AGF Global Sustainable Growth Equity	\$0.8	Azzad Ethical Fund	\$75.7
AllianceBernstein		Azzad Wise Capital Fund	\$106.0
AB Impact Municipal Income Shares	\$22.0	BlackRock	
AB Sustainable Global Thematic Fund	\$918.0	Blackrock Impact US Equity Fund	\$51.0
Allianz Global Investors		BlackRock Impact Bond Fund	\$24.0
Allianz RCM Global Water Fund	\$667.1	BlackRock Utilities, Infrastructure & Power Opportunities Trust	\$358.0
Allianz GI Global Sustainability Fund	\$28.4	Boston Common Asset Management	
Allied Asset Advisors, Inc.		ESG Impact International Fund	\$233.0
Iman Fund	\$105.0	ESG Impact US Equity Fund	\$35.0
American Beacon Advisors		Boston Trust & Investment Management Company, Walden Asset Management	
American Beacon Global Evolution Frontier Markets Income Fund	\$180.9	Walden Asset Management Fund	\$121.4
American Century Investments		Walden Equity Fund	\$197.5
American Century Sustainable Equity Fund	\$228.7	Walden Midcap Fund	\$46.6
American Century NT Core Equity Plus Fund	\$574.2	Walden International Equity Fund	\$41.0
American Trust Investment Advisors		Walden Small Cap Fund	\$98.2
American Trust Allegiance Fund	\$26.3	Walden SMID Cap Fund	\$45.7
Amundi Pioneer Asset Management		Bridgeway Capital Management	
Pioneer Equity Income Fund	\$2,247.4	Bridgeway Aggressive Investors 1 Fund	\$242.9
Pioneer Fund	\$5,040.1	Bridgeway Blue-Chip 35 Index Fund	\$575.2
Appleseed Capital		Bridgeway Omni Small-Cap Value Fund	\$795.5
Appleseed Fund	\$185.0	Bridgeway Small Cap Growth Fund	\$50.4
Arabesque Asset Management		Bridgeway Small Cap Momentum Fund	\$5.7
Arabesque Systematic USA Fund	\$18.8	Bridgeway Small Cap Value Fund	\$62.9
		Bridgeway Ultra Small Company Fund	\$96.7

Bridgeway Ultra Small Company Market Fund	\$352.7	Crossmark Steward International Enhanced Index Fund	\$135.2
Managed Volatility Fund	\$33.7	Crossmark Steward Large Cap Enhanced Index Fund	\$388.6
Omni Tax-Managed Small-Cap Value Fund	\$712.8	Crossmark Steward Select Bond Fund	\$164.7
Brown Advisory		Crossmark Steward Small Mid-Cap Enhanced Index Fund	\$229.7
Brown Advisory Sustainable Growth Fund	\$1,241.0	Dimensional Fund Advisors	
Brown Advisory Sustainable Bond Fund	\$167.5	DFA Emerging Markets Social Core Equity Portfolio	\$1,453.0
Calvert Research and Management		DFA International Sustainability Core 1 Portfolio	\$811.0
Calvert Aggressive Allocation Fund	\$145.2	DFA US Social Core Equity 2 Portfolio	\$1,042.0
Calvert Conservative Allocation Fund	\$197.5	DFA US Sustainability Core 1 Portfolio	\$1,270.0
Calvert Global Water Fund	\$471.1	International Social Core Equity Portfolio	\$904.0
Calvert Green Bond Fund	\$106.0	CSTG&E International Social Core Equity	\$100.0
Calvert Income Fund	\$505.3	CSTG&E US Social Core Equity 2	\$107.0
Calvert International Equity Fund	\$218.6	DFA Social Fixed Income	\$157.0
Calvert International Opportunities Fund	\$231.1	Domini Impact Investments	
Calvert Moderate Allocation Fund	\$280.0	Domini Impact Bond Fund	\$153.1
Calvert Global Energy Solutions Fund	\$89.4	Domini Impact Equity Fund	\$874.7
Calvert Absolute Return Bond Fund	\$104.6	Domini Impact International Equity Fund	\$1,258.6
Calvert Balanced Fund	\$704.1	Dreyfus Corporation (BNY Mellon Cash Investment Strategies)	
Calvert Bond Fund	\$989.2	Dreyfus Sustainable US Equity Fund	\$311.8
Calvert Emerging Markets Equity Fund	\$517.7	Earth Equity Advisors	
Calvert Equity Fund	\$2,207.5	Mutual Fund Portfolios	\$48.0
Calvert Floating-Rate Advantage Fund	\$52.4	Essex Investment Management Company LLC	
Calvert High Yield Bond Fund	\$188.1	Essex Environmental Opportunities Fund	\$7.0
Calvert International Responsible Index Fund	\$67.1	Eventide Asset Management	
Calvert Long-Term Income Fund	\$87.3	Eventide Gilead Fund	\$1,580.0
Calvert Mid-Cap Core Responsible Index	\$54.5	Eventide Healthcare & Life Sciences Fund	\$457.0
Calvert Mid-Cap Fund	\$253.8	Eventide Multi-Asset Income Fund	\$95.1
Calvert Responsible Municipal Income Fund	\$144.5	Eventide Global Dividend Opportunities Fund	\$2.8
Calvert Short Duration Income Fund	\$1,339.3	Everence Financial (Praxis Mutual Funds)	
Calvert Small-Cap Fund	\$319.1	Praxis Growth Index Fund	\$259.0
Calvert Ultra-Short Duration Income Fund	\$965.3	Praxis Intermediate Income Fund	\$523.0
Calvert US Large Cap Core Responsible Index Fund	\$1,039.0	Praxis International Index Fund	\$284.0
Calvert US Large Cap Growth Responsible Index Fund	\$56.5	Praxis Small Cap Fund	\$53.0
Calvert US Large-Cap Value Responsible Index	\$145.3	Praxis Value Index Fund	\$190.0
Capital Group		Praxis Genesis Aggressive	\$0.1
American Mutual Fund	\$46,992.1	Praxis Genesis Conservative	\$0.1
American Mutual Funds (other)	\$1,544,152.7	Praxis Genesis Moderate	\$0.1
Washington Mutual Investors Fund	\$97,379.9	Fidelity Management & Research Company	
ClearBridge Investments		Fidelity Select Environmental and Alternative Energy Portfolio	\$164.8
ClearBridge Sustainability Leaders Strategy	\$333.1	Fidelity International Sustainability Index Fund	\$17.9
Community Capital Management		Fidelity US Sustainability Index Fund	\$17.4
CCM Alternative Income Fund	\$32.9	Firsthand Capital Management	
CRA Qualified Investment Fund	\$2,100.0	Firsthand Alternative Energy Fund	\$5.9
Columbia Threadneedle Investments		Fred Alger Management, Inc.	
US Social Bond Fund	\$44.4	Alger Responsible Investing Fund	\$62.2
Crossmark Global Investments			
Crossmark Steward Global Equity Income Fund	\$280.3		

Friends Fiduciary Corporation		Hartford Funds Management Company	
Short-Term Investment Fund	\$14.2	Hartford Environmental Opportunities Fund	\$37.0
Quaker Green Fund	\$22.4	Hartford Global Impact Fund	\$27.8
Quaker Index Fund	\$90.2	Hartford Schroders Emerging Markets Equity Fund	\$2,755.6
FundX Investment Group		Hartford Schroders International Stock Fund	\$200.9
FundX Sustainable Impact Fund	\$15.5	HSBC Global Asset Management	
GAMCO Investors, Inc. (Gabelli Asset Management Company)		HSBC Asia ex Japan Smaller Companies	\$15.0
Gabelli ESG Fund	\$60.0	HSBC Emerging Markets Debt	\$56.0
Glenmede Investment and Wealth Management		HSBC Frontier Markets	\$42.0
Glenmede Responsible ESG	\$14.9	HSBC Global High Income	\$28.0
Glenmede Women in Leadership	\$13.0	HSBC Global High Yield	\$30.0
GMO (Grantham, Mayo, Van Otterloo & Co)		HSBC US Govt Money Market	\$11,385.0
GMO Climate Change Fund	\$31.7	HSBC US Treasury Money Market	\$1,959.0
Great-West Capital Management		Invesco PowerShares Capital Management	
Great-West Ariel Mid Cap Value Fund	\$169.5	Invesco Summit Fund	\$2,163.2
Green Century Capital Management		Invesco Global Responsibility Equity Fund	\$6.9
Green Century Balanced Fund	\$241.2	JP Morgan Asset Management	
Green Century Equity Fund	\$247.6	JPMorgan Intrepid Sustainable Equity Fund	\$20.7
The Green Century MSCI International Index Fund	\$44.8	JPMorgan Municipal Income Fund	\$243.3
GuideStone Capital Management LLC		John Hancock Investments	
Aggressive Allocation Fund	\$1,060.5	John Hancock ESG All Cap Core Fund	\$20.0
Balanced Allocation Fund	\$1,614.4	John Hancock ESG Core Bond Fund	\$52.0
Conservative Allocation Fund	\$513.0	John Hancock ESG International Equity Fund	\$56.0
Defensive Market Strategies Fund	\$962.5	John Hancock ESG Large Cap Core Fund	\$38.0
Emerging Markets Equity Fund	\$499.0	Knights of Columbus Asset Advisors	
Equity Index Fund	\$978.0	Catholic Investor Core Bond Fund	\$71.8
Extended-Duration Bond Fund	\$247.6	Catholic Investor International Equity Fund	\$67.0
Global Bond Fund	\$528.5	Catholic Investor Large Cap Growth Fund	\$52.3
Global Real Estate Securities Fund	\$231.4	Catholic Investor Large Cap Value Fund	\$52.1
Growth Allocation Fund	\$1,252.4	Catholic Investor Limited Duration Fund	\$93.9
Growth Equity Fund	\$1,735.5	Catholic Investor Small Cap Equity Fund	\$80.0
Inflation Protected Bond	\$171.6	Luther King Capital Management	
International Equity Fund	\$1,624.6	LKCM Aquinas Catholic Equity Fund	\$71.1
International Equity Index	\$188.1	Matthews Asia	
Low-Duration Bond Fund	\$902.5	Matthews Asia ESG Fund	\$18.1
Medium-Duration Bond Fund	\$1,408.0	Miller/Howard Investments	
Money Market Fund	\$1,163.5	Miller/Howard Income-Equity Fund	\$111.3
MyDestination 2015 Fund	\$630.3	Monteagle Funds	
MyDestination 2025 Fund	\$1,100.6	Monteagle Select Value Fund	\$12.3
MyDestination 2035 Fund	\$651.2	Morgan Stanley Investment Management	
MyDestination 2045 Fund	\$489.5	Morgan Stanley Institutional Fund, Inc. Asia Opportunity Portfolio	\$19.2
MyDestination 2055 Fund	\$116.2	Morgan Stanley Institutional Fund, Inc. Emerging Markets Leaders Portfolio	\$90.2
Small Cap Equity Fund	\$555.9	Morgan Stanley Institutional Fund, Inc. Global Opportunity Portfolio	\$1,721.2
Strategic Alternatives Fund	\$361.2	Morgan Stanley Institutional Fund, Inc. International Advantage Portfolio	\$317.2
Value Equity Fund	\$1,525.7	Morgan Stanley Institutional Fund, Inc. International Opportunity	\$626.5
Guinness Atkinson Asset Management, Inc.			
Guinness Atkinson Alternative Energy Fund	\$10.7		
Gurtin Municipal Bond Management			
Municipal Intermediate Value	\$305.4		
Municipal Opportunistic Value	\$333.7		

Nationwide		PGIM Fixed Income	
Nationwide Global Sustainable Equity Fund	\$56.7	Core Bond Fund	\$446.0
Natixis Investment Managers		Corporate Bond Fund	\$63.0
Mirova Global Green Bond Fund	\$26.9	PGIM Absolute Return Bond Fund	\$2,396.0
Mirova Global Sustainable Equity Fund	\$69.0	PGIM California Muni Income Fund	\$209.0
Natixis Sustainable Future 2015 Fund	\$4.5	PGIM Floating Rate Income Fund	\$938.0
Natixis Sustainable Future 2020 Fund	\$4.6	PGIM Global Absolute Return Bond Fund	\$35.0
Natixis Sustainable Future 2025 Fund	\$3.5	PGIM Global Total Return Fund	\$1,736.0
Natixis Sustainable Future 2030 Fund	\$3.0	PGIM Government Income Fund	\$413.0
Natixis Sustainable Future 2035 Fund	\$3.1	PGIM Government Money Market Fund	\$493.0
Natixis Sustainable Future 2040 Fund	\$3.1	PGIM High Yield Fund	\$7,149.0
Natixis Sustainable Future 2045 Fund	\$2.6	PGIM International Bond Fund	\$27.0
Natixis Sustainable Future 2050 Fund	\$2.5	PGIM Muni High Income Fund	\$861.0
Natixis Sustainable Future 2055 Fund	\$2.5	PGIM National Muni Fund	\$627.0
Natixis Sustainable Future 2060 Fund	\$2.6	PGIM Short Duration High Yield Income Fund	\$2,201.0
Neuberger Berman		PGIM Short Duration Multi-Sector Bond Fund	\$776.0
Neuberger Berman Mutual Funds	\$8,833.0	PGIM Short Duration Muni High Income Fund	\$148.0
Newton Investment Management (North America)		PGIM Short-Term Corporate Bond Fund	\$9,903.0
Sustainable US Equity	\$549.0	PGIM Total Return Bond Fund	\$34,534.0
Northern Trust Asset Management		PGIM Unconstrained Bond Fund	\$58.0
Global Sustainability Index Fund	\$342.2	RBC Global Asset Management (Access Capital)	
Nuveen		Access Capital Community Investment Fund A	\$652.0
T-C Social Choice Bond Fund	\$1,715.0	RBC BlueBay High Yield Bond Fund	\$38.3
T-C Social Choice Equity Fund	\$3,059.0	RBC Emerging Markets Small Cap Equity Fund	\$418.3
T-C Social Choice International Equity Fund	\$55.0	RBC Global Opportunities Fund	\$11.3
T-C Social Choice Low Carbon Equity Fund	\$98.0	RBC Impact Bond	\$5.0
Pacific Investment Management Co. (PIMCO)		RBC International Opportunities Fund	\$65.2
PIMCO Low Duration ESG Fund	\$221.2	Riverbridge Partners LLC	
PIMCO Total Return ESG Fund	\$979.5	Riverbridge Eco Leaders Fund	\$2.7
Parnassus Investments		Saturna Capital	
Parnassus Asia Fund	\$16.0	Amana Developing World Fund	\$29.2
Parnassus Core Equity Fund (formerly Equity Income Fund)	\$17,476.0	Amana Growth Fund	\$1,800.0
Parnassus Endeavor Fund (formerly Workplace Fund)	\$5,217.0	Amana Income Fund	\$1,380.0
Parnassus Fixed-Income Fund	\$229.0	Amana Participation Fund	\$65.6
Parnassus Fund	\$1,085.0	Saturna Sustainable Bond Fund	\$26.9
Parnassus Mid-Cap Fund	\$2,802.0	Saturna Sustainable Equity Fund	\$5.6
Pax World Funds		Schwartz Investment Counsel	
Pax Balanced Fund	\$2,002.0	Ave Maria Catholic Bond Fund	\$307.2
Pax Core Bond Fund	\$698.7	Ave Maria Catholic Growth Fund	\$482.5
Pax Ellevest Global Women's Leadership Fund	\$182.0	Ave Maria Catholic Rising Dividend Fund	\$970.1
Pax ESG Beta Dividend Fund	\$149.5	Ave Maria Catholic Values Fund	\$249.9
Pax ESG Beta Quality Fund	\$212.6	Ave Maria World Equity Fund	\$62.2
Pax Global Environmental Markets Fund	\$609.3	SEI Investments Management Corporation (SIMC)	
Pax High Yield Bond Fund	\$412.2	New Covenant Balanced Growth Fund	\$295.0
Pax Large Cap Fund	\$719.4	New Covenant Balanced Income Fund	\$81.0
Pax Mid Cap Fund	\$139.7	New Covenant Growth Fund	\$442.0
Pax MSCI EAFE ESG Leaders Index Fund	\$683.8	New Covenant Income Fund	\$317.6
Pax Small Cap Fund	\$831.5	Screened World Equity Ex-US Fund	\$95.0
		Catholic Values Equity Fund	\$227.8
		Catholic Values Fixed Income Fund	\$127.5

Shelton Capital Management	
Shelton Green Alpha Fund	\$40.3
California Tax-Free Income Fund	\$75.3
Sit Investment Associates, Inc.	
Sit ESG Growth Fund	\$5.8
SKBA Capital Management	
Baywood Socially Responsible Fund	\$8.3
SunAmerica Asset Management	
AIG ESG Dividend Fund	\$25.6
T. Rowe Price	
[Institutional Fund Assets]	\$77,286.9
[Retail Funds Assets]	\$484,927.1
[Retirement Target Funds]	\$151,639.0
TCW	
TCW Developing Markets Equity Fund	\$6.1
TCW New America Premier Equities Fund	\$18.8
Thornburg Investment Management	
Better World International Fund	\$68.6
Timothy Partners, Ltd.	
Emerging Markets	\$23.6
Israel Common Values Fund	\$51.2
Timothy Plan Aggressive Growth Fund	\$29.2
Timothy Plan Conservative Growth Fund	\$55.0
Timothy Plan Defensive Strategies Fund	\$58.2
Timothy Plan Fixed Income Fund	\$87.4
Timothy Plan High Yield Bond Fund	\$75.3
Timothy Plan International Fund	\$108.0
Timothy Plan Large/Mid Cap Growth Fund	\$94.5
Timothy Plan Large/Mid Cap Value Fund	\$237.2
Timothy Plan Small Cap Value Fund	\$165.0
Timothy Plan Strategic Growth Fund	\$40.7
Income & Growth Blend	\$38.6
Touchstone Investments	
Touchstone Premium Yield Equity Fund	\$124.0
Touchstone Sustainability and Impact Equity Fund	\$769.6
Touchstone Total Return Bond Fund	\$280.9
Towle & Co	
Towle Deep Value Fund	\$126.4
Trillium Asset Management	
Global Equity	\$501.0
Trinity Fiduciary Partners LLC	
Epiphany FFV Fund	\$21.0
Epiphany FFV Strategic Income Fund	\$23.0
USAA Asset Management Company	
USAA First Start Growth Fund	\$461.1
UBS Asset Management	
UBS International Sustainable Equity Fund	\$41.5
UBS US Sustainable Equity Fund	\$31.1
Vanguard	
Vanguard FTSE Social Index Fund	\$3,907.0

Vert Asset Management	
Vert Global Sustainable Real Estate Fund	\$4.2
Viking Fund Management LLC	
Integrity Growth & Income Fund	\$35.5
Wells Fargo Asset Management	
41 fixed income funds	\$145,347.0
54 equity funds	\$88,717.0

Variable Annuity Funds	Assets (in Millions)
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Dreyfus Corporation (BNY Mellon Cash Investment Strategies)	
Dreyfus Socially Responsible Growth Fund	\$235.3
Timothy Partners, Ltd.	
Timothy Plan Conservative Growth Variable	\$19.1
Timothy Plan Strategic Growth Variable	\$21.9
Variable Annuity Life Insurance Co (VALIC)	
VALIC Company I Global Social Awareness Fund	\$442.8
VALIC Company II Socially Responsible Fund	\$799.9
Impax Asset Management	
Impax Leaders Strategy	\$720.0
Pathway Capital Management	
DAF Global	\$91.5
Nuveen	
CREF Social Choice Account	\$14,432.0
T-C Life Social Choice Equity Fund	\$61.0
Nationwide	
NB NVIT SOC RESP-I	\$131.2
Macquarie Investment Management	
LVIP Delaware Social Awareness Fund	\$737.8
Amundi Pioneer Asset Management	
Pioneer Equity Income VCT Portfolio	\$133.3
Pioneer Fund VCT Portfolio	\$243.3
1919 Investment Counsel, LLC	
1919 Variable Socially Responsive Balanced Fund	\$39.4
Calvert Research and Management	
Calvert VP SRI Balanced Portfolio	\$330.6
Calvert VP SRI Mid Cap Portfolio	\$41.3
AXA Equitable Funds Management Group	
1290 VT Socially Responsible Portfolio	\$152.4

Exchange Traded Funds	Assets (in Millions)
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ALPS Advisors	
Workplace Equality Portfolio ETF	\$18.0
Barclays Capital	
Barclays Women in Leadership ETF	\$35.8
BlackRock	

iShares Global Clean Energy ETF	\$140.0	Legg Mason Partners Fund Advisor	
iShares MSCI KLD 400 Social Index Fund	\$1,006.0	Clearbridg Div Strategy ESG ETF	\$4.2
iShares MSCI ACWI Low Carbon Target	\$498.0	Clearbridge Large CAP Growth ESG ETF	\$4.9
iShares ESG 1-5 Year USD Corporate Bond ETF	\$10.0	Nationwide	
iShares ESG USD Corporate Bond ETF	\$14.0	Nationwide Maximum Diversification US Core Equity ETF	\$111.5
iShares MSCI EAFE ESG Optimized ETF	\$136.0	Northern Trust Asset Management	
iShares MSCI EM ESG Optimized ETF	\$169.0	FlexShares STOXX Global ESG Impact Index Fund	\$32.2
iShares MSCI Global Impact ETF	\$26.0	FlexShares STOXX US ESG Impact Index Fund	\$13.6
iShares MSCI USA ESG Optimized ETF	\$20.0	Nuveen	
iShares MSCI USA ESG Select ETF	\$644.0	NuShares ESG Emerging Markets Equity ETF	\$38.0
Change Finance		NuShares ESG International Developed Markets Equity ETF	\$40.0
Change Finance US Large Cap Fossil Fuel Free ETF	\$2.8	NuShares ESG Large-Cap Growth ETF	\$40.0
Columbia Threadneedle Investments		NuShares ESG Large-Cap Value ETF	\$40.0
Columbia Sustainable Global Equity Income ETF	\$7.5	NuShares ESG Mid-Cap Growth ETF	\$39.0
Columbia Sustainable International Equity Income ETF	\$15.2	NuShares ESG Mid-Cap Value ETF	\$38.0
Columbia Sustainable US Equity Income ETF	\$4.4	NuShares ESG Small-Cap ETF	\$41.0
Etho Capital		NuShares ESG US Aggregate Bond ETF	\$42.4
Etho Climate Leadership US ETF	\$19.2	OppenheimerFunds	
First Trust Advisors		Oppenheimer ESG Revenue ETF	\$24.8
First Trust NASDAQ Clean Edge Green Energy Index Fund	\$91.3	Oppenheimer Global ESG Revenue ETF	\$23.3
First Trust NASDAQ Clean Edge Smart Grid Infrastructure Index Fund	\$27.0	Pacer Advisors	
First Trust Global Wind Energy ETF	\$100.5	Pacer Military Times BES ETF	\$2.6
First Trust Water ETF	\$298.8	ProShares	
Global X Management Company		ProShares S&P 500 ex-Energy ETF	\$6.9
Global X Conscious Companies ETF	\$49.3	Sage Advisory Services	
Global X S&P 500 Catholic Values ETF	\$132.9	Sage ESG Intermediate Credit ETF	\$9.7
Guggenheim Funds Investment Advisors		Segall Bryant & Hamill	
Guggenheim S&P Global Water Index ETF	\$601.4	Workplace Equality Index	\$18.0
Guggenheim Solar ETF	\$398.0	SerenityShares Investments LLC	
Inspire (CWM Advisors)		SerenityShares Impact ETF	\$4.2
Inspire 100 ETF	\$6.4	State Street Global Advisors (SSGA)	
Inspire Corporate Bond Impact ETF	\$22.5	SPDR Emerging Markets Fossil Fuel Reserves Free	\$24.3
Inspire Global Hope ETF	\$52.9	SPDR MSCI Low Carbon Target	\$152.9
Inspire Small/Mid Cap Impact ETF	\$29.5	SPDR S&P 500 Fossil Fuel Free	\$226.3
Invesco PowerShares Capital Management		SPDR SSGA Gender Diversity Index	\$360.7
PowerShares Cleantech Portfolio	\$132.9	Strategy Shares	
PowerShares Global Clean Energy Portfolio	\$52.9	EcoLogical Strategy ETF	\$8.5
PowerShares Global Water Portfolio	\$188.5	Van Eck Associates Corporation	
PowerShares Water Resources Portfolio	\$869.0	VanEck Vectors Environmental Services ETF	\$17.2
PowerShares WilderHill Clean Energy Portfolio	\$109.9	VanEck Vectors Global Alternative Energy ETF	\$87.4
PowerShares Wilderhill Progressive Energy Portfolio	\$22.5	VanEck Vectors Green Bond ETF	\$10.7
Janus Henderson Investors		Vident Investment Advisory	
The Organics ETF	\$12.5	Insightshares LGBT Employment Equality	\$27.6
The Long-Term Care ETF	\$9.7	Insightshares Patriotic Employers	\$27.5
The Obesity ETF	\$2.9		

Appendix 3

Community Investing Institutions

Community Development Banks

ABC Bank

Albina Community Bank

American Metro Bank

American Plus Bank, NA

Amory Federal Savings and Loan Association

Bank 2

Bank of Anguilla

Bank of Cherokee County

Bank of Commerce

Bank of Franklin

Bank of Kilmichael

Bank of Lake Village

Bank of Montgomery

Bank of Okolona

Bank of Rio Vista

Bank of South Texas

Bank of St. Francisville

Bank of Winona

Bank of York

BankFirst Financial Services

BankPlus

Beneficial State Bank

BNA Bank

Broadway Federal Bank

Caldwell Bank & Trust

Carver Federal Savings Bank

Carver State Bank

Central Bank of Kansas City

Century Bank of the Ozarks

Citizens Bank

Citizens Bank & Trust Company

Citizens Bank of Weir

Citizens National Bank of Meridian

Citizens Progressive Bank

Citizens Savings Bank and Trust Company

Citizens Trust Bank

City First Bank of DC, NA

City National Bank of New Jersey

Colfax Banking Company

Columbia Savings and Loan

Commercial Bank, DeKalb, MS

Commercial Capital Bank

Commonwealth National Bank

Community Bank of the Bay

Community Capital Bank of Virginia

Community Commerce Bank

Concordia Bank and Trust

Cross Keys Bank

Delta Bank

Farmers & Merchants Bank

FBT Bank & Mortgage (Fordyce Bank & Trust Company)

First American International Bank

First American National Bank

First Bank of Linden

First Choice Bank

First Community Bank

First Eagle Bank

First General Bank

First Independence Bank

First National Bank of Picayune

First Security Bank

First Southwest Bank

First State Bank

Florida Parishes Bank

FNB of Central Alabama

Alternatives Federal Credit Union	Colquitt County Teacher Federal Credit Union
American Partners Federal Credit Union	Commodore Perry Federal Credit Union
Aneca Federal Credit Union	Community 1st Credit Union
Appalachian Community Federal Credit Union	Community Choice Credit Union (MI)
Arsenal Credit Union	Community Choice Credit Union (IA)
Ascentra Credit Union	Community Credit Union of Florida
Asi Federal Credit Union	Community Credit Union of Southern Humboldt
Assemblies of God Credit Union	Community First Guam Federal Credit Union
Associated Credit Union of Texas Credit Union	Community Plus Federal Credit Union
Atchison Village Credit Union	Community Promise Federal Credit Union
Athol Credit Union	Community South Credit Union
Awakon Federal Credit Union	Communityworks Federal Credit Union
BOND Community Federal Credit Union	Concord Federal Credit Union
Bay Federal Credit Union	Cooperative Center Federal Credit Union
Bayport Credit Union Credit Union	Core Credit Union
Big Island Federal Credit Union	Corpus Christi SP Credit Union
Border Federal Credit Union	Cosmopolitan Federal Credit Union
Brewery Credit Union	Covantage Credit Union
Brookland Federal Credit Union	Cowboy Country Federal Credit Union
Brooklyn Cooperative Federal Credit Union	Credit Union of Atlanta Credit Union
Buffalo Cooperative Federal Credit Union	Credit Union One
Caddo Parish Teachers Federal Credit Union	CTA - C&M Federal Credit Union
Calcoe Federal Credit Union	CU Community Credit Union
Cape Regional Credit Union	Cutting Edge Federal Credit Union
Caprock Federal Credit Union	Dakota Plains Federal Credit Union
Carolina Foothills Federal Credit Union	DC Federal Credit Union
Carter Federal Credit Union	Democracy Federal Credit Union
Case Credit Union	Demopolis Federal Credit Union
Cencap Federal Credit Union	Desert Communities Federal Credit Union
Central Sunbelt Federal Credit Union	Desert Valleys Federal Credit Union
Centric Federal Credit Union	Diamond Lakes Federal Credit Union
Centricity Credit Union	Dresser Alexandria Federal Credit Union
Century Credit Union	Dupaco Community Credit Union
Chadron Federal Credit Union	Dupont Community Credit Union
Charlotte Metro Federal Credit Union	Eagle One Federal Credit Union
Chicago Municipal Employees Credit Union	East Baton Rouge Teachers Federal Credit Union
Choctaw Federal Credit Union	East End Baptist Tabernacle Federal Credit Union
Church of The Master Federal Credit Union	East End Food Cooperative Federal Credit Union
Citizens Choice Federal Credit Union	Educational Community Credit Union
Citizens Community Credit Union	Electrical Federal Credit Union
City Center Credit Union	Electro Savings Credit Union
CO Federal Credit Union	Elga Credit Union
Coastal Community Federal Credit Union	Empower Federal Credit Union
Coastal Federal Credit Union	Empowerment Community Development Federal Credit Union

Entertainment Industries Federal Credit Union	Hawaii Central Federal Credit Union
Envision Credit Union	Hawaii Federal Credit Union
Episcopal Community Federal Credit Union	Hawaii First Federal Credit Union
Equishare Credit Union	Health Facilities Federal Credit Union
Essential Federal Credit Union	Heart of Louisiana Federal Credit Union
Everyone's Federal Credit Union	Hill District Federal Credit Union
Express Credit Union	Holy Rosary Credit Union
Fairfax County Federal Credit Union	Hope Federal Credit Union
Fairwinds Credit Union	Hopesouth Federal Credit Union
Faith Community Credit Union	Horizon Credit Union (OH)
Ferguson Federal Credit Union	Horizon Credit Union (TN)
Fidelis Federal Credit Union	Houston Metropolitan Federal Credit Union
First American Credit Union	I. H. Mississippi Valley Credit Union
First Financial Credit Union	Industrial Credit Union of Whatcom County
First Imperial Credit Union	Innovations Federal Credit Union
First Reliance Federal Credit Union	Israel Methcomm Federal Credit Union
First Security Credit Union	Jefferson Financial Federal Credit Union
First Unity Federal Credit Union	Jetstream Federal Credit Union
Firstlight Federal Credit Union	Kerr County Federal Credit Union
Five Star Credit Union	Kinecta Federal Credit Union
Flag Credit Union	Kootenai Valley Federal Credit Union
Fleur-De-Lis Federal Credit Union	Lafayette Schools' Federal Credit Union
Florida A & M University Federal Credit Union	LAFCU Credit Union
Florida Credit Union	Lake Trust Credit Union
Florida State University Credit Union	Lakota Federal Credit Union
Fogce Federal Credit Union	Lanai Federal Credit Union
Frankenmuth Credit Union	Latah Credit Union
Franklin First Federal Credit Union	Latino Community Credit Union
Freedom First Federal Credit Union	LES Federal Credit Union
GECU Credit Union	Lewis Clark Credit Union
Genesee Co-Op Federal Credit Union	Lexington Avenue Federal Credit Union
Goldenwest Federal Credit Union	Light Commerce Credit Union
Government Printing Office Federal Credit Union	Lighthouse Community Credit Union
Greater Centennial Federal Credit Union	Local Government Federal Credit Union
Greater Cleveland Community Credit Union	Louisiana Federal Credit Union
Greater Kinston Credit Union	Lower East Side People's Federal Credit Union
Greylock Federal Credit Union	Lower Valley Credit Union
GTE Federal Credit Union	Mac Federal Credit Union
Guadalupe Centers Federal Credit Union	Magnify Credit Union
Guadalupe Credit Union	Magnolia Federal Credit Union
Guardians Credit Union	Manatee Community Federal Credit Union
Gulf Coast Community Federal Credit Union	Marisol Federal Credit Union
Halifax County Community Federal Credit Union	Mazuma Credit Union
Harborstone Credit Union	McCone County Federal Credit Union

MECU of Baltimore	Nova Credit Union
Members "First" Community Credit Union	NRS Community Development Federal Credit Union
Members Credit Union	Nueva Esperanza Community Credit Union
Members Exchange Credit Union	Nusenda Federal Credit Union
Mendo Lake Credit Union	Nutmeg State Financial Credit Union
Miami Postal Service Credit Union	OMNI Community Credit Union
Michigan State University Federal Credit Union	One Detroit Credit Union
Mid Minnesota Federal Credit Union	One Source Federal Credit Union
Mid Oregon Federal Credit Union	Opportunities Credit Union
Mid-Cities Credit Union	Orion Federal Credit Union
Missoula Federal Credit Union	Oswego County Federal Credit Union
Molokai Community Federal Credit Union	Ozark Federal Credit Union
Mount Vernon NY Postal Employees Federal Credit Union	Pacific Crest Federal Credit Union
Mountain Star Federal Credit Union	Pacific Northwest Ironworkers Federal Credit Union
Mountain West Federal Credit Union	Pacoima Development Federal Credit Union
Mt. Airy Baptist Church Federal Credit Union	Panhandle Educators Federal Credit Union
Mt. Zion Indianapolis Federal Credit Union	Park Community Credit Union
MUNA Federal Credit Union	Park Manor Christian Church Credit Union
Natco Credit Union	Parkview Community Federal Credit Union
Navigant Credit Union	Patterson Federal Credit Union
Nebraska Rural Community Federal Credit Union	Paul Quinn Federal Credit Union
Neighborhood Trust Federal Credit Union	Peach State Federal Credit Union
New Community Federal Credit Union	Pelican State Credit Union
New Covenant Dominion Federal Credit Union	Peninsula Community Federal Credit Union
New Horizon Federal Credit Union	Peoples Advantage Federal Credit Union
New Life Federal Credit Union	Phenix Pride Federal Credit Union
New York University Federal Credit Union	Point West Credit Union
Newport News Municipal Employees Credit Union	Premier Federal Credit Union
Newrizons Federal Credit Union	Prime Financial Credit Union
Norstate Federal Credit Union	Priority Credit Union
North Carolina Community Federal Credit Union	Profinance Federal Credit Union
North Coast Credit Union (WA)	Promise Credit Union
North Coast Credit Union (OH)	Public Service Credit Union
North Jersey Federal Credit Union	Pyramid Federal Credit Union
North Side Community Federal Credit Union	Queen of Peace Arlington Federal Credit Union
Northeast Community Credit Union	Queens Cluster Federal Credit Union
Northeast Community Federal Credit Union	Rapides Federal Credit Union
Northeast Regional Credit Union	Red River Mill Employees Federal Credit Union
Northern Eagle Federal Credit Union	Regional Federal Credit Union
Northern New Mexico School Employee Federal Credit Union	Resource One Credit Union
Northwoods Community Credit Union	Richmond Heritage Federal Credit Union
Notre Dame Federal Credit Union	Rio Grande Credit Union
	Rio Grande Valley Credit Union Credit Union
	River City Federal Credit Union

River Region Credit Union	Texas Community Federal Credit Union
Riverfall Credit Union	The Finest Federal Credit Union
Riverways Federal Credit Union	The Florist Federal Credit Union
Royal Credit Union	The Focus Federal Credit Union
SC Telco Federal Credit Union	The Mount Lebanon Federal Credit Union
Safe Federal Credit Union	The New Orleans Firemen's Federal Credit Union
Santa Ana Federal Credit Union	The United Federal Credit Union
Santa Cruz Community Credit Union	Tidemark Federal Credit Union
SCE Federal Credit Union	Tinker Federal Credit Union
Seasons Federal Credit Union	TMH Federal Credit Union
Seattle Metropolitan Credit Union	Toledo Urban Federal Credit Union
Security Credit Union	Tongass Federal Credit Union
Securityplus Federal Credit Union	Total Choice Federal Credit Union
Selco Community Credit Union	Total Community Action Federal Credit Union
Select Federal Credit Union	Trailhead Federal Credit Union
Self-Help Credit Union	Transfiguration Parish Federal Credit Union
Self-Help Federal Credit Union	Travis Credit Union
Sentinel Federal Credit Union	Trius Federal Credit Union
Settlers Federal Credit Union	Trouvaille Federal Credit Union
Shuford Federal Credit Union	Trust Federal Credit Union
Siskiyou Central Credit Union	Tucoemas Federal Credit Union
SIU Credit Union	Tulane/Loyola Federal Credit Union
Smart Choice Credit Union	Tuscaloosa Credit Union
Softite Community Federal Credit Union	UBC Credit Union
South Central Missouri Credit Union	UBC Southern Council Industria Wo Federal Credit Union
South Side Community Federal Credit Union	Unified Homeowners of Illinois Federal Credit Union
Southern Chautauqua Federal Credit Union	Union Baptist Church Federal Credit Union
Southwest 66 Credit Union	Union Baptist Greenburgh Federal Credit Union
Spokane Federal Credit Union	United Consumers Credit Union
SRP Federal Credit Union	United Credit Union
St. Augustine Presbyterian Federal Credit Union	University Federal Credit Union
St. Louis Community Credit Union	University of Louisiana Federal Credit Union
St. Mark Credit Union	University Settlement Federal Credit Union
St. Philip's Church Federal Credit Union	UNO Federal Credit Union
Stepping Stones Community Federal Credit Union	Upstate Federal Credit Union
Sterling United Federal Credit Union	Urban Upbound Federal Credit Union
Straits Area Federal Credit Union	US Community Credit Union
Suncoast Credit Union	USALLIANCE Federal Credit Union
Syracuse Cooperative Federal Credit Union	USC Credit Union
Tabernacle Federal Credit Union	Varick Memorial Federal Credit Union
Tallahassee-Leon Federal Credit Union	Veridian Credit Union
Tampa Bay Federal Credit Union	Virginia Credit Union
Teachers Credit Union	Vision Financial Federal Credit Union
Texas Bay Credit Union	Vocal Credit Union

Wayne-Westland Federal Credit Union
WBRT Federal Credit Union
West Oahu Community Federal Credit Union
White Earth Reservation Federal Credit Union
WJC Federal Credit Union
Workers Credit Union
YS Federal Credit Union

Depository Institution Holding Companies

American Bancorp of Illinois
Bancorp Of Okolona
Bancorp of Winona
BancPlus Corporation
BankFirst Capital Corporation
Beneficial State Bancorp
BSJ Bancshares
Caldwell Holding Company
Capital Bancorp
Carver Financial Corporation
Central Bancshares Of Kansas City
Central Louisiana Capital Corporation
Century Bancshares
CFBanc Corporation
CheckSpring Community Corporation
Chickasaw Banc Holding Company
Citizens Bancshares Corporation
Citizens National Banc Corp.
City First Enterprises
City National Bancshares Corporation
Cleveland State Bancorp
CNB Bancorp
Commerce Bancorp
Commercial Capital Corp,
Community Bancshares of Mississippi
Concordia Capital Corporation
Delhi Bancshares
FBT Bancshares
First American Bancshares
First City Fund Corporation
First Community Bancorp
First Eagle Bancshares
First SouthWest Bancorporation
First State Corporation
First Union Financial Corporation

First Vernon Bancshares
FNBC Bancorp
Franklin Bancorp
Franklin Bancshares
Grant Bancshares
Guaranty Capital Corporation
Harbor Bankshares Corporation
Helena Bancshares
Holmes County Capital Corporation
Homeland Bancshares
IBC Bancorp
Independent Southern Bancshares
Kilmichael Bancorp
Lafayette Bancorp
Liberty Financial Services
Louisville Development Bancorp
M&F Bancorp
Merchants & Farmers Bancshares
Merchants & Marine Bancorp
Merchants & Planters Bancshares
Mission Valley Bancorp
Mitchell Bank Holding Corporation
MNB Holding Corporation
MNB Ventures
Native American Bancorporation
Neighborhood Bancorp
Ozarks Heritage Financial Group
Pacific Commerce Bancorp
PDL Community Bancorp
Peoples Bancshares
PGB Holdings
Planters Holding Company
PriorityOne Capital Corporation
Pyramid Financial Corporation
Quontic Bank Holdings Corp.
RBB Bancorp
RBC
Richland State Bancorp
Riverhills Capital Corporation
SCCB Financial Corporation
Security Bancshares Corporation
Security Capital Corporation
Security Federal Corporation
Southeast Arkansas Bank Corporation

Southern Bancorp
Southwest Security
St. Francisville Bancshares
State Capital Corp
Tensas Bancshares
The First Bancshares
The Magnolia State Corporation
United Bancorporation of Alabama
University Financial Corp.
Virginia Community Capital
Winnsboro Bancshares

LOAN FUNDS

Domestic Community Development Loan Funds
3CORE
A Shared Initiative
AAFE Community Development Fund
Access to Capital for Entrepreneurs
ACCION Chicago
ACCION East
ACCION New Mexico
ACCION San Diego
Adirondack Economic Development Corporation
Affiliated Tribes of Northwest Indians Financial Services
Affordable Homes of South Texas
Affordable Housing Resources
African Development Center
Alaska Growth Capital BIDCO
Albany Community Together
Albina Opportunities Corporation
All Credit Considered Mortgage
AltCap
AmPac Tri-State CDC
Anacostia Economic Development Corporation
ANDP Loan Fund
AnewAmerica CDFI
Appalachian Community Capital Corporation
Arcata Economic Development Corporation
Arkansas Capital Corporation
ASSETS Lancaster
Atlanta Micro Fund
Aura Mortgage Advisors

Azteca Community Loan Fund
BAC Funding Consortium
Baltimore Community Lending
Bankers' Small Business CDC of San Diego
Beaufort County Black Chamber of Commerce
Beech Capital Venture Corporation
Biddeford-Saco Area Economic Development Corporation
Black Business Investment Fund
Black Economic Development Coalition
Black Hills Community Loan Fund
Blueprint Investment Fund
BOC Capital Corp.
Border Financial Resources Inc
Boston Community Capital
Brazos Valley CDC
Bridge Impact Capital
Bridgeway Capital
Brightbridge
Brightpoint Development Fund
Bronx Overall Economic Development Corporation (BOEDC)
Build Fund LLC
Build Wealth, MN
Building Hope...A Charter School Facilities Fund
Business Carolina
Business Development Corp. of SC
Business Loan Fund of the Palm Beaches
Business Resource and Investment Service Center
Business Seed Capital
Businesses Invest in Growth
Butte Local Development Corporation
California Capital Financial Development Corporation
California Coastal Rural Development Corporation
California Community Reinvestment Corp.
California FarmLink
Calvert Social Investment Foundation
CAMBA Economic Development Corporation
Cape & Islands Community Development
Capital for Change
Capital Impact Partners
Capital Plus Financial
Carolina Small Business Development Fund (The Support Center)
Catalytic Development Funding Corp. of Northern Kentucky

CDCLI Funding Corporation	Community Development Financial Institution of the Tohono O'odham Nation
Ceiba Housing and Economic Development Corporation	Community Development Fund of Utah
Center for Community Development for New Americans	Community Development Resources
Center for Financial Independence & Innovation	Community Development Transportation Lending Services
CEN-TEX Certified Development Corporation	Community Development Trust, LP, The
Century Housing Corporation	Community Enterprise Development Services
Cha Piyeh	Community Enterprise Investments
Charleston Citywide Local Development Corporation (LDC)	Community Financial
Charter Schools Development Corporation	Community First Fund
Chattanooga Neighborhood Enterprise	Community First Lending
Chautauqua Opportunities for Development	Community Fund of North Miami-Dade
Chehalis Tribal Loan Fund	Community Health Center Capital Fund
Cherokee Nation Economic Development Trust Authority	Community Housing Capital
Chi Ishobak	Community Housing Fund
Chicago Community Loan Fund	Community Investment Corporation
Chicago Neighborhood Initiatives Micro Finance Group	Community Investment Fund of Indiana
Choctaw Home Finance Corporation	Community LendingWorks
Cincinnati Development Fund	Community Loan Fund of New Jersey
Cinnaire Lending Corporation	Community Loan Fund of the Capital Region
Citizen Potawatomi Community Development Corporation	Community Neighborhood Housing Services
Citizens United for Economic Equity	Community Partnership Development Corporation
Clearinghouse Community Development Financial Institution	Community Preservation Corporation
CMHP Mortgage	Community Reinvestment Fund
CEI Ventures (CVI)	Community Ventures Corporation
Coastal Villages Community Development Fund LLC	Community Works in West Virginia
Colorado Enterprise Fund	CommunityWorks
Colorado Housing Assistance Corporation	CommunityWorks North Dakota
Colorado Housing Enterprises LLC	Cook Inlet Lending Center
Columbus Housing Initiative	Cooperative Business Assistance Corporation
Comerciantes Unidos para el Desarrollo Comunitario de Camuy	Cooperative Fund of New England
Common Capital	Core Tech Capital
Common Wealth Revolving Loan Fund	Corporacion Para El Financiamiento Empresarial Del Comercio Y De Las Comunidades (COFECC)
Communities Unlimited	Corporacion para las Microfinanzas Puerto Rico
Community and Shelter Assistance Corporation	Corporation for Supportive Housing
Community Assets for People	Council for Native Hawaiian Advancement
Community Business Partnership	Craft3
Community Capital Fund	Credit Inc.
Community Capital New York	Cumberland Empowerment Zone Corporation
Community Capital of Vermont	Dakota Resources
Community Concepts Finance Corporation	Dallas Neighborhood Homes
Community Development and Affordable Housing Fund LLC	Dayton Region New Market Fund LLC
Community Development Capital	Delaware Community Investment Corporation (DCIC)

Detroit Development Fund	Great Falls Development Authority
Detroit Rehabilitation Initiatives LLC	Great Northern Development Corporation
Disaster Response Fund US	Great Rivers Community Capital
Dorchester Bay Neighborhood Loan Fund	Greater Berks Development Fund
East Harlem Business Capital Corporation	Greater Cincinnati Microenterprise Initiative
Eastern Dakota Housing Alliance	Greater Jamaica Local Development Company
Eastern Maine Development Corporation	Greater Metropolitan Housing Corporation
EBSV Community Development	Greater Minnesota Housing Fund
ECDC Enterprise Development Group	Greater Newark Enterprises Corporation
Economic and Community Development Institute (ECDI)	Greater Rochester Housing Partnership
Economic Development and Financing Corporation	Greenline Community Development Fund LLC
Economic Development Investment Fund	Greensboro Community Development Fund
Economic Opportunities Fund	Grow America Fund
El Paso Collaborative for Community and Economic Development	Grow Iowa Foundation
El Paso Credit Union Affordable Housing LLC	Grow South Dakota
Enterprise Center Capital Corporation	Haa Yakaawu Financial Corporation
Enterprise Community Loan Fund	Habitat for Humanity of Dane County
Enterprise Development Fund of Erie County	Habitat for Humanity of Iowa
Entrepreneur Works Fund	Habitat for Humanity of Minnesota
Federation of Appalachian Housing Enterprises	HAP Economic & Community Development Corporation
Feed the Hunger Foundation	Harbor Bank of Maryland Community Development Corporation
Finance Fund Capital Corporation	Harlem Entrepreneurial Fund LLC
FINANTA	Hartford Community Loan Fund
First American Capital Corporation	Hartford Economic Development Corporation
First Children's Finance	Hawaii Community Lending Inc
First Nations Community Financial	Hawaii Community Reinvestment Corporation
First Nations Oweesta Corporation	Hawaii Habitat for Humanity Association
First Ponca Financial	HDC Community Fund LLC
First State Community Loan Fund	Healthy Neighborhoods
Flagship Enterprise Capital	HHOC Mortgage
Florida Community Loan Fund	Hmong Wisconsin Chamber of Commerce
FORGE	Ho-Chunk Community Capital
Forward Community Investments	Home Headquarters
Four Bands Community Fund	Home Ownership Resource Center
Four Directions Development Corporation	HomeBase Texas
Fresno Community Development Financial Institution	Homeownership Lending LLC
Frontier Housing	Homes Are Possible
Funding Partners for Housing Solutions	HomesFund (La Plata Homes Fund)
Gateway Community Development Fund	HomeSight
Genesis Fund	Homewise
Genesis LA Economic Growth Corporation	Hoopa Development Fund
Georgia Cities Foundation	Hope Enterprise Corporation
Grameen America	Hopi Credit Association
Grand Rapids Opportunities for Women	

Housing Assistance Council	Lei Hoolaha
Housing Development Fund	Lendistry
Housing Options & Planning Enterprises	Leviticus 25:23 Alternative Fund
Housing Partnership Fund, The	LiftFund
Housing Trust Fund of Santa Barbara County	Local Enterprise Assistance Fund (LEAF)
Housing Trust Silicon Valley	Local Initiatives Support Corporation
Human/Economic Appalachian Development Corporation	Long Island Housing Partnership Community Development Financial Institution
Hunkpati Investments	Long Island Small Business Assistance Corporation
Idaho-Nevada Community Development Financial Institution	Louisiana Community Development Capital Fund
IFF	Low Income Investment Fund
Impact C.I.L. LLC	Lowell Community Loan Fund
Impact Capital	Lower Brule Community Development Enterprise LLC
Impact Finance	Lummi Community Development Financial Institution
Impact Loan Fund	Main Street Launch
Impact Seven	MaineStream Finance
Indian Land Capital Company	Maryland Capital Enterprises
Indianapolis Neighborhood Housing Partnership	Massachusetts Housing Investment Corporation
Indianhead Community Development Financial Institution	Mazaska Owecaso Otipi Financial
Initiative Foundation	Mercy Loan Fund
Innovative Changes	Metro Broward Economic Development Corporation
Institute for Community Economics	Metro Community Development
International Institute CDC	MetroAction
Invest Detroit Foundation	Metropolitan Consortium of Community Developers
Iowa Community Capital	Metropolitan Economic Development Association
Isles Community Enterprises	MHIC LLC
Ithaca Neighborhood Housing Services	Miami Bayside Foundation
JARI Growth Fund	Miami-Dade Affordable Housing Foundation
Kalamazoo Neighborhood Housing Services	Micro Enterprise Services of Oregon
Karuk Community Loan Fund	Midlands Housing Trust Fund
Kentucky Habitat for Humanity	Midlands Latino Community Development Corporation
Keweenaw Bay Ojibwa Housing and Community Development Corp.	Midwest Housing Development Fund
Knoxville Area Urban League	Midwest Minnesota Community Development Corporation
La Fuerza Unida Community Development Corporation	Mile High Community Loan Fund
Lafayette Neighborhood Housing Services	Milwaukee Economic Development Corporation
Lake County Community Development Corp.	Minnesota Chippewa Tribe Finance Corporation
Lakota Fund	Mission Asset Fund
Lancaster Housing Opportunity Partnership	Mission Community Loan Fund LLC
Landmarks Community Capital Corporation	Mississippi Valley Neighborhood Housing Services
Latino Economic Development Center	Montana Community Development Corporation
Latino Economic Development Corporation (LEDG)	Montana Homeownership Network
Leech Lake Financial Services	Mountain Association for Community Economic Development
Legacy Redevelopment Corporation	Mountain BizCapital
	Mountain Housing Opportunities Loan Fund
	Mvskoike Loan Fund

NACDC Financial Services	Nevada Microenterprise Development Corporation
National Asian American Coalition	New Bedford Economic Development Council
National Community Reinvestment Coalition Community Development Fund	New Entrepreneurs Opportunity Fund
National Council on Agricultural Life and Labor Research Fund	New Hampshire Community Loan Fund
National Federation of Community Development Credit Unions	New Hope Community Capital
National Housing Trust Community Development Fund	New Mexico Community Development Loan Fund
National Minority Supplier Development Council Business Consortium Fund	New Roots Fund
Native American Development Corporation	NEWCORP Business Assistance Center
Native Capital Access	NHS Lending
Native Community Finance	NHS Neighborhood Lending Services
Native Partnership for Housing	NiiJii Capital Partners
Natural Capital Investment Fund	Nogales Community Development Corporation
NDC Community Impact Loan Fund	Nonprofit Finance Fund
Nebraska Enterprise Fund	Nonprofit Loan Fund of Tucson and Southern Arizona
Nehemiah Community Reinvestment Fund	Nonprofits Assistance Fund
Neighborhood Development Center	North Alabama Revolving Loan Fund LLC
Neighborhood Development Services	North Carolina Community Development Initiative Capital
Neighborhood Economic Development Corporation	North Central Massachusetts Development Corporation
Neighborhood Finance Corporation	North Philadelphia Financial Partnership
Neighborhood Housing Finance	Northeast Economic Development
Neighborhood Housing Services of Baltimore	Northeast Entrepreneur Fund
Neighborhood Housing Services of Dimmit County	Northeast South Dakota Economic Corporation (NESDEC)
Neighborhood Housing Services of Duluth	Northern California Community Loan Fund
Neighborhood Housing Services of Greater Berks	Northern Community Investment Corporation
Neighborhood Housing Services of Hamilton	Northern Economic Initiatives Corporation
Neighborhood Housing Services of New Orleans	Northern Shores Loan Fund
Neighborhood Housing Services of New York City	Northland Foundation
Neighborhood Housing Services of Orange County	Northside Community Development Fund
Neighborhood Housing Services of Richmond	Northwest Access Fund.
Neighborhood Housing Services of Rochester	Northwest Minnesota Foundation
Neighborhood Housing Services of San Antonio	Northwest Native Development Fund
Neighborhood Housing Services of South Florida	Northwest Ohio Development Agency
Neighborhood Housing Services of the Inland Empire	Northwest Side Community Development Corporation
Neighborhood Housing Services of Toledo	NYBDC Local Development Corporation
Neighborhood Housing Services of Waco	Office of Rural and Farmworker Housing
Neighborhood Housing Services Silicon Valley	Ohio Capital Finance Corporation
Neighborhood Lending Partners of Florida	Omaha 100
Neighborhood Lending Services LLC	Opening Doors
Neighborhood Partnership Housing Services	Oportun
Neighborhoods of Battle Creek	Opportunity Finance Network
NeighborWorks Capital	Opportunity Fund Northern California
Network for Oregon Affordable Housing	Opportunity Resource Fund
	Oregon Trail Corporation
	Osage Financial Resources

OTR Fund I LLC	Rockingham Economic Development Corp.
Our Microlending LLC	Rocky Mountain Community Reinvestment Corporation
Oyate Community Development Corporation	Rocky Mountain MicroFinance Institute
PACE Finance Corporation	Rural Community Assistance Corporation
Pacific Coast Regional, Small Business Development Corp.	Rural Community Development Resources
Pacific Community Ventures	Rural Electric Economic Development
Paragon Florida	Rural Investment Corporation
Partners for Self-Employment	Rural Nevada Development Corporation
Partners for the Common Good	Rutland West Neighborhood Housing Services
PathStone Enterprise Center	Sabre Finance d/b/a VentureSouth
Pennsylvania Assistive Technology Foundation	Sacramento Neighborhood Housing Services
People Incorporated Financial Services	Salt Lake Neighborhood Housing Services
People Trust	Salt River Financial Services Institution
PeopleFund	San Carlos Apache Tribe Relending Enterprise
Peoples Opportunity Fund	San Juan NHS
Peoples Partners for Community Development	San Luis Obispo County Housing Trust Fund
Philadelphia Neighborhood Housing Services	Santa Fe Community Housing Trust
PIDC Community Capital	Seattle Economic Development Fund d/b/a Business Impact NW
Piedmont Housing Alliance	Seattle Economic Development Fund d/b/a Community Capital
Pine Mountain Community Development Corporation	Self-Help Ventures Fund
Pocatello Neighborhood Housing Services	Seneca Nation of Indians Economic Development Company
Ponce Neighborhood Housing Services	Shared Capital Cooperative
Portland Housing Center	Small Business Assistance Corporation
Poverty Solutions	Small Business Capital Fund of Mississippi
PPEP Microbusiness and Housing Development Corporation	SNAP Financial Access
Prestamos, CDFI LLC	Solar and Energy Loan Fund of St. Lucie County
Primary Care Development Corporation	South Carolina Community Loan Fund
Prince Georges Financial Services Corporation	South Eastern Development Foundation
Progress Fund	South Eastern Economic Development Corporation
Project Enterprise	Southeast Community Capital Corporation DBA Pathway Lending
Providence Revolving Fund	Southeast Kentucky Economic Development Corporation
Quaboag Valley Business Assistance Corporation	Southeast Rural Community Assistance Project
Rainier Valley Community Development Fund	Southern Association for Financial Empowerment
Raza Development Fund	Southern Bancorp Capital Partners
RDI Financial	Southern Illinois Coal Belt Champion Community
Red River Valley BIDCO	Southern Mutual Financial Services
REDC Community Capital Group	Southwest Georgia United Empowerment Zone
Reinvestment Fund	Sparc
Renaissance Community Loan Fund	Springboard CDFI
Renaissance Economic Development Corporation	Springfield Neighborhood Housing Services
Rio Grande Valley Multibank Corporation	Strafford Economic Development Corporation
Rising Tide Community Loan Fund	Sustainable Neighborhoods LLC
River City Capital Investment Corporation	
ROC USA Capital	

Taala Fund	Ventura County Community Development Corporation
Tampa Bay Black Business Investment Corp.	Venture North Funding & Development
Technical Assistance Corporation	Vermont Community Loan Fund
TELACU Community Capital	Village Capital Corporation
Texas Mezzanine Fund	Virginia Community Development Fund
The Affordable Housing Trust for Columbus and Franklin County	Vital Healthcare Capital
The Alliance CDFI	VSJF Flexible Capital Fund L3C
The Capital Good Fund	Washington Area Community Investment Fund
The Center for Rural Health Development	Washington Community Alliance for Self-Help (Washington CASH)
The Community Development Trust	Washington Community Reinvestment Association
The Disability Fund	Washington Heights and Inwood Development Corporation
The Housing Fund	Ways to Work
The Housing Partnership Network	WBD Advantage Fund LLC
The Intersect Fund	West Central Development Corporation
The IRCs Center for Economic Opportunity (CEO)	West Philadelphia Financial Service Institution
The OpenDoor Housing Fund	Westminster Economic Development Initiative
The Real Estate Council Community Fund	Westwater Financial
The Sequoyah Fund	White Earth Investment Initiative
The Working World	William Mann, Jr. Community Development Corporation
Three Roots Capital	Wind River Development Fund
Tierra del Sol Housing Corporation	Wisconsin Native Loan Fund
Tigua Community Development Corporation	Wisconsin Womens Business Initiative Corporation
Tiwa Lending Services	Women's Economic Self-Sufficiency Team
TMC Development Working Solutions	Womens Economic Ventures
Topeka Shawnee County First Opportunity Fund	Women's Opportunities Resource Center
Trellis	Womens Venture Fund
Trenton Business Assistance Corporation	WomenVenture
Triple Bottom Line Foundation	Woodlands Community Lenders
TRP Lending LLC	Worcester Community Housing Resources
TruFund Financial Services	
Trujillo Alto Economic Development Corporation CD	
Tulsa Economic Development Corporation	International Microfinance Loan Funds
Turtle Mountain CDFI	ACCION International
Twin Cities Community Land Bank LLC	ACDI/VOCA
Union County Economic Development Corporation	Acumen
United Housing	CHF International
Upper Manhattan Empowerment Zone	Creation Investments
Utah CDFI Corporation	DB GCMC II
Utah Microenterprise Loan Fund (UMLF)	DB Microcredit Development Fund
Utica Industrial Development Corporation	DB Start-up Fund
Utica Neighborhood Housing Services	DB FINCA Microfinance Fund
Valley Economic Development Center	DB ECC
Valley Small Business Development Corporation	Developing World Markets
Ventana Fund	EcoEnterprises II

Elevar Equity III
Envest Microfinance Cooperative
Equal Exchange
FINCA International
Fonkoze USA
Freedom From Hunger
Global Partnerships
Grassroots Business Fund
Grey Ghost Ventures
Habitat Microbuild Fund
Hope International
Impact Assets Microfinance Note
Impact Assets Sustainable Ag Note
Media Development Loan Fund
Mercy Corps
Microcredit Enterprises
MicroVest
Oikocredit USA
Opportunity International
Pro Mujer
Root Capital
SERRV International
Shared Interest
ShoreBank International / Enclude
Sostenica
TriLinc

Unitus Capria
Unitus Impact Fund
Unitus Seed Fund
VisionFund International (VFI)
Womens World Banking Isis Fund
Working Capital for Community Needs

Community Development Venture Capital Funds

Ariel Economic Development Fund
BCLF Ventures II LLC
BCLF Ventures d/b/a Boston Community Venture Fund
Coastal Ventures III Limited Partnership
Fund Good Jobs
Innovation Works
Kentucky Highlands Investment Corporation
Launch New York
MetaFund
National Community Investment Fund
New Mexico Community Capital
New Orleans Startup Fund
Pacific Community Ventures Investment Partners IIII
RAINSource Capital
Renewable Manufacturing Gateway
RFLF 2 LLC
The Community Development Venture Capital Alliance

Appendix 4

Money Managers Incorporating ESG Criteria

13D Management

1919 Investment Counsel LLC

3Sisters Sustainable Management

747 Capital

Abbott Capital

Acadian Asset Management

Accrued Equities,

Adams Street Partners

Aegon Asset Management US

Affiliated Managers Group (AMG)

AFL-CIO Building Investment Trust

AFL-CIO Housing Investment Trust

AGF Investments America

Agriculture Capital

AIO Financial

Akeida Capital Management

Albright Capital Management

Allegheny Financial Group

AllianceBernstein

Alliant Strategic Investments

Allianz Global Investors

Allied Asset Advisors

Alpha Risk Management

ALPS Advisors

Amalgamated Bank

American Beacon Advisors

American Century Investments

American Trust Investment Advisors

Amundi Pioneer Asset Management

Analytic Investors

Andrew Hill Investment Advisors

Apache Capital Management

Aperio Group

Appleseed Capital

Applied Research Group

AQR Capital Management

Arabesque Asset Management

Arborview Capital

Ariel Investments

Aristotle Credit Partners LLC

Arjuna Capital

ASB Capital Management LLC

Ascendant Advisors LLC

Ascension Investment Management

Aspiration

Avanath Capital Management

Avanz Capital

AXA Equitable Funds Management Group

AXA Investment Managers

Azzad Asset Management

Baillie Gifford & Co.

Bain Capital LP

Baird Asset Management

Barclays Capital

Barings

Bartlett Wealth Management

Beartooth Capital

Bentall Kennedy

Better Food Ventures

BlackRock

Blue Wolf Capital Management

BNY Mellon Asset Management North America (AMNA)

Boston Common Asset Management

Boston Trust & Investment Management Company, Walden Asset Management

Breckinridge Capital Advisors

Bridgeway Capital Management

Brightwood Capital Advisors LLC

Brookfield Asset Management

Brown Advisory

BRP Investment Management

Calvert Impact Capital

Calvert Research and Management

Cantillon Capital Management

Capital Dynamics

Capital Group

Capital Innovations Sustainable Investments

Capri Investment Group

Capria Ventures LLC

Capricorn Investment Group

Cartica Management
 CBIS (Christian Brothers Investment Services)
 CEI Ventures (CVI)
 CenterSquare Investment Management
 Change Finance
 Cherokee Investment Partners LLC
 Clarion Partners
 ClariVest Asset Management LLC
 Clean Yield Group
 ClearBridge Investments
 Cohen & Steers
 Columbia Threadneedle Investments
 Commonfund
 Community Capital Management
 Community Development Venture Capital Alliance
 Community Investment Management LLC
 Conning
 Conservation Resource Partners
 Core Capital Management LLC
 CoreCo Holding
 Craft3
 Creation Investments Capital Management LLC
 Crossmark Global Investments
 Culture Capital
 Dalton, Greiner, Hartman, Maher & Co. LLC
 Dana Investment Advisors
 DBL Partners LLC
 DDJ Capital Management
 Dev Equity
 Diamond Ventures
 Dimensional Fund Advisors
 Dirt Capital Partners
 Dodge & Cox
 Domain Timber Advisors (Timbervest)
 Domini Impact Investments
 Dreyfus Corporation (BNY Mellon Cash Investment Strategies)
 Earth Equity Advisors
 EcoEnterprises Capital Management
 Ecosystem Integrity Management
 Ecosystem Investment Partners
 Ecotrust Forest Management
 Emerging Capital Partners
 Enterprise Community Partners
 Essex Investment Management Company LLC
 Etho Capital
 Eventide Asset Management
 Everence Financial (Praxis Mutual Funds)
 F.L. Putnam Investment Management Company
 Falcon Investment Advisors
 Farmland LP
 Fermat Capital Management
 Fidelity Management & Research Company
 Fifth Season Ventures
 First Reserve Corp.

First Trust Advisors
 Firsthand Capital Management
 Fisher Investments
 Forefront Analytics
 Franklin Templeton Investments
 Fred Alger Management
 Freeman Spogli & Co.
 Fresh Source Capital
 Friends Fiduciary Corporation
 FundX Investment Group
 GAMCO Investors (Gabelli Asset Management Company)
 Gazelle Finance
 GCM Customized Fund Investment Group LP
 Generation Investment Management US
 Genstar Capital
 Gerdling Edlen
 Glenmede Investment and Wealth Management
 Global Environment Fund
 Global X Management Company
 GMO (Grantham, Mayo, Van Otterloo & Co.)
 Goldman Sachs Asset Management
 Gramercy Funds Management
 Grassroots Business Fund
 Great Lakes Advisors
 Great-West Capital Management
 Green Alpha Advisors
 Green Century Capital Management
 Greentech Capital Advisors LLC
 Greenwood Resources (GWR)
 GSSG Solar
 Guggenheim Funds Investment Advisors
 GuideStone Capital Management LLC
 Guinness Atkinson Asset Management
 Gurtin Municipal Bond Management
 GW&K Investment Management
 Habitat for Humanity
 Hamilton Lane
 Hampshire Companies
 HarbourVest Partners LLC
 Harrington Investments
 Hartford Funds Management Company
 Hartford Investment Management Company (HIMCO)
 HC Capital Trust
 HCAP Partners
 HIP Investor
 Horizon Investment Services
 Hotchkis and Wiley Capital Management
 HSBC Global Asset Management
 Hudson Clean Energy Partners
 ICE Canyon
 Illuminated Funds Group
 Impact Investment Adviser
 Impax Asset Management
 Income Research & Management

Innovare Advisors LLC
Insight Investment
Inspire (CWM Advisors)
Intellectus Partners
Invesco PowerShares Capital Management
Invested Development
Iroquois Valley Farms
Jamestown
Jantz Management LLC
Janus Henderson Investors
Jensen Investment Management
JLens Network
John Hancock Investments
Jonathan Rose Companies
JP Morgan Asset Management
Kairos Investment Management Company
KBI Global Investors
Kennedy Capital Management
Kleiner Perkins Caufield & Byers
Knights of Columbus Asset Advisors
Kohlberg Kravis Roberts & Co. (KKR)
Kranenburg Financial Group
LaSalle Investment Management
Lazard Asset Management
Legg Mason Partners Fund Advisor
Levin Capital Strategies
Lexington Partners
Local Enterprise Assistance Fund (LEAF)
Logan Circle Partners
Longfellow Investment Management Co. LLC
Loomis, Sayles & Company
Los Angeles Capital Management
LSV Asset Management
Luther King Capital Management
LWI Financial (Loring Ward)
Macquarie Investment Management
Macroclimate
Magni Global Asset Management
Mariner Investment Group
Martin Investment Management LLC
Matthews Asia
MCE Social Capital
Media Development Investment Fund
MFS Investment Management
MicroVest Capital Management
Miller/Howard Investments
Mindful Investors
Minerva Capital Group LLC
Monteagle Funds
Morgan Stanley Investment Management
National Community Investment Fund (NCIF)
Nationwide
Natixis Investment Managers
Neuberger Berman

Neumeier Poma Investment Counsel
New Amsterdam Partners
New Energy Capital Partners LLC
New Energy Fund II LP
New Summit Investments
Newground Social Investment
Newton Investment Management (North America)
NewWorld Capital Group
NEXO Capital Partners
Nia Impact Capital
Nomura Corporate Research and Asset Management
North Sky Capital
Northern Trust Asset Management
NorthStar Asset Management
Nuveen
Oak Hill Capital Partners
Oblate International Pastoral Investment Trust
Oikocredit
Olympus Capital Asia
OppenheimerFunds
Pacer Advisors
Pacific Investment Management Co. (PIMCO)
PanAgora Asset Management
Parnassus Investments
Pathway Capital Management
Pax World Funds
Payden & Rygel
Pegasus Capital Advisors
PGIM Fixed Income
PGIM Real Estate
Pictet Asset Management Ltd
Portfolio Advisors
Prime Advisors
Principal Global Investors
ProShares
QMA
RBC Global Asset Management (Access Capital)
Reach Capital
REAL Infrastructure Capital Partners LLC
Red Mountain Capital Partners
Resource Capital Funds
Reynders, McVeigh Capital Management
Riverbridge Partners LLC
Riverstone Investment Group LLC
Rock Creek Group
Rockefeller Capital Management
Root Capital
Rosenberg Equities Investment Management
RSF Social Finance
Ryan Labs Asset Management
Safer Made
Sage Advisory Services
Sage Stone Wealth Management
Satori Capital

Saturna Capital
 Schroders
 Schwartz Investment Counsel
 Segall Bryant & Hamill
 SEI Investments Management Corporation (SIMC)
 Self-Help
 SerenityShares Investments LLC
 SFE Investment Counsel
 Shelton Capital Management
 Siguler Guff & Company
 Silchester International Investors
 Silver Creek Capital Management
 Silver Yard
 Sit Investment Associates
 SJF Ventures
 SKBA Capital Management
 SKY Harbor Capital Management
 SLF U.S.
 Small Enterprise Assistance Funds (SEAF)
 Sonen Capital
 Stance Capital
 State Street Global Advisors (SSGA)
 Stone Harbor Investment Partners LP
 Strategy Shares
 Sun Life Institutional Investments (US)
 SunAmerica Asset Management
 SunFunder
 Sustainability Group at Loring, Wolcott & Coolidge
 Sustainable Insight Capital Management
 Sustainvest Asset Management
 T. Rowe Price
 TCW
 The Builders Fund
 The Disability Opportunity Fund
 The Forestland Group LLC
 The Jumpfund
 The Lyme Timber Company LP
 The Water Council
 ThirtyNorth Investments
 Thornburg Investment Management
 Timothy Partners, Ltd.
 Touchstone Investments
 Towle & Co
 TPG Capital Advisors
 Treetops Capital LP
 Tri Star
 Tributary Capital Management
 TriLinc Global
 Trillium Asset Management
 Trilogy Global Advisors
 Trinity Fiduciary Partners LLC
 Turner Impact Capital LLC

UBS Asset Management
 Ullico
 US Renewables Group
 USAA Asset Management Company
 Van Eck Associates Corporation
 Vanguard
 Variable Annuity Life Insurance Co (VALIC)
 Vert Asset Management
 Vident Investment Advisory
 Viking Fund Management LLC
 Water Asset Management
 Wellington Management Company LLP
 Wells Fargo Asset Management
 Wespath Investment Management
 Western Asset Management
 Westfield Capital Management Company
 William Blair & Company
 Working Lands LLC
 Wunder Capital
 Zevin Asset Management



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2018 Report on US Sustainable, Responsible and Impact Investing Trends

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Connect with us to learn more about our research and our environmental initiatives. www.cerulli.com

Appendix 5

Institutional Investors Incorporating ESG Criteria

AARP Foundation

Adams (MA) Retirement Board

Adrian Dominican Sisters

AIG

Allstate

Altman Foundation

American Baptist Home Mission Society

American Cancer Society

American Heart Association

American Medical Association Foundation

American Public Health Association (APHA)

Amesbury (MA) Retirement Board

Amherst College

Andover (MA) Retirement Board

Annie E. Casey Foundation

Arcata, CA

Arizona Community Foundation

Arkay Foundation

Arlington (MA) Retirement Board

Armonia LLC

Athena Capital Advisors

Attleboro (MA) Retirement Board

Austin Community Foundation

Bader Philanthropies

Ball State University Foundation

Bank of the West Charitable Foundation

Baptist Foundation of Oklahoma

Baptist Health South Florida

Barberton Community Foundation

Barnstable County (MA) Retirement Board

Baylor University

Becker College

Belmont (MA) Retirement Board

Ben and Jerry's Foundation

Benedictine Sisters of Mount St. Scholastica

Berkshire County (MA) Retirement Board

Beverly (MA) Retirement Board

Bill and Melinda Gates Foundation

Bloomberg Philanthropies

Blue Haven Initiative

Blue Hills Regional School Retirement Board (MA)

Boston (MA) Retirement Board

Boston Foundation

Boston Teachers

Boston University

Braintree (MA) Retirement Board

Brevard College

Bricklayers and Trowel Trades International Pension Fund

Bristol County (MA) Retirement Board

Brockton, MA, Retirement Board

Brookline (MA) Retirement System

Brotherhood Mutual Insurance Comapny

Brown University

California - ScholarShare 529

California Academy of Sciences

California Community Foundation

California Healthcare Foundation

California Institute of Technology

California Institute of the Arts

California Public Employees' Retirement System (CalPERS)

California State Compensation Insurance Fund

California State Teachers' Retirement System (CalSTRS)

California State Treasurer's Office

California State University, Chico

Cambridge (MA) Retirement Board

Capuchin Franciscan Province of St. Joseph
(Midwest Capuchins)

Carnegie Mellon University

Catholic Charities Diocese of Stockton

Catholic Health Association of the USA

Catholic Health Initiatives

Catholic Relief Services

Catholic University of America

Cedar Tree Foundation

Ceniarth LLC

Center for Community Change

Center for Humans and Nature

Center for International Environmental Law

Charles and Lynn Schusterman Family Foundation

Charles Stewart Mott Foundation

Chelsea, MA
 Chicago—Municipal Employees' Annuity and Benefit Fund of Chicago
 Chicago Medical Society
 Chicago Policemen's Annuity and Benefit Fund
 Chicago Teachers' Pension Fund
 Chicopee, MA
 Chorus Foundation
 CHRISTUS Health
 Church of the Brethren Benefit Trust
 Church Pension Fund
 Cleveland Foundation
 Clinton, MA
 Colby College
 College of the Atlantic
 Colorado Fire and Police Pension Association
 Colorado Public Employees' Retirement Association
 Colorado State University Foundation
 Columbia University
 Community Foundation for Greater Atlanta
 Community Foundation of the Ozarks
 Community Foundation Serving Boulder County
 Community of Christ
 Concord, MA
 Congregation of St. Joseph
 Connecticut Higher Education Trust
 Connecticut Innovations
 Connecticut Retirement Plans and Trust Funds
 Conrad N. Hilton Foundation
 Conservation Land Trust
 Cordes Foundation
 Cornell University
 Danvers, MA
 Dartmouth College
 David and Lucile Packard Foundation
 David Rockefeller Fund
 Dedham, MA
 Denison University
 Denver (CO) Employee Retirement Program
 Dignity Health
 District of Columbia Retirement Board
 Domestic and Foreign Missionary Society of the Protestant Episcopal Church
 Dominican Sisters of Hope
 Dominican Sisters of San Rafael, CA
 Doris Duke Charitable Foundation
 Duke University
 Dukes County, MA Contributory Retirement
 Dwight Hall Socially Responsible Investment Fund
 Earlham College
 Earthjustice
 Easthampton, MA
 Ecotrust
 Educational Foundation of America

Edward W. Hazen Foundation
 Edwards Mother Earth Foundation
 Emory University
 Endowment for Health
 Environment America
 Environmental and Energy Study Institute
 ESF College Foundation, Inc. (SUNY)
 Essex County, MA
 Evangelical Lutheran Church in America
 Everence Association
 Everett, MA
 F.B. Heron Foundation
 Fairhaven, MA
 Fall River, MA
 Falmouth, MA
 Field Museum in Chicago
 Fink Family Foundation
 Fitchburg, MA
 Florida Bureau of Deferred Compensation
 Florida State Board of Administration
 Foothill-De Anza Community College Foundation
 Ford Foundation
 Foundation for Louisiana
 Framingham, MA
 Franciscan Sisters of Perpetual Adoration
 Franklin County, MA
 Friends of the Earth
 Fund for Nonviolence
 Galvan Foundation
 Gardner, MA
 Gates Family Foundation
 Gaylord and Dorothy Donnelley Foundation
 General Service Foundation
 George Gund Foundation
 George Washington University
 Georgetown University
 Georgia Employees' Retirement System
 Gloucester, MA
 Goddard College
 Goldhirsh Foundation
 Grand Rapids Community Foundation
 Gray Matters Capital Foundation
 Great American Insurance Company
 Greater Cincinnati Foundation
 Greater Lawrence (MA) Retirement Board
 Green Mountain College
 Greenfield, MA
 Gundersen Health System
 Hampden County, MA
 Hampshire College
 Hampshire County, MA
 Hanley Foundation
 Harris and Eliza Kempner Fund
 Harvard Management Company

Haverhill, MA

Hawaii Employees' Retirement System

Headwaters Foundation for Justice

Heifer International Foundation

Heinz Endowments

Hingham, MA

Hirtle Callaghan & Co. LLC

Holyoke, MA

Hull Family Foundation

Hull, MA

Humboldt State University Advancement Foundation

IDP Foundation, Inc.

Illinois Municipal Retirement Fund

Illinois State Board of Investment (ISBI)

Illinois State Treasurer

Illinois State Universities Retirement System

Illinois Teachers' Retirement System

Incourage Community Foundation

Indiana Public Retirement System

International Finance Corporation (IFC)

Iowa—Municipal Fire and Police Retirement System of Iowa (MFPRSI)

Iowa Public Employees' Retirement System (IPERS)

Iowa State University

Jacksonville (FL) Police and Fire Pension Fund

Jessie Smith Noyes Foundation

John D. and Catherine T. MacArthur Foundation

John Merck Fund

John S. and James L. Knight Foundation

Johns Hopkins University

Jubitz Family Foundation

Kalliopeia Foundation

Kentucky Teachers' Retirement System

KL Felicitas Foundation

Kresge Foundation

Laird Norton Family Foundation

Laughing Gull Foundation

Lawrence (MA) Retirement Board

League of Conservation Voters

Lemelson Foundation

Leominster, MA

Lesley University

Lewis and Clark College

Lexington, MA

Lincoln Community Foundation

Living Cities Catalyst Funds

Los Angeles County Employees Retirement Association (LACERA)

Los Angeles Fire and Police Pensions (LAFPP)

Louisiana Baptist Foundation

Louisiana State Employees Retirement System

Louisiana Teachers' Retirement System

Lowell, MA

Lumina Foundation for Education

Lydia B. Stokes Foundation

Lynn, MA

Maine Community Foundation

Malden, MA

Marblehead, MA

Markel American Insurance Company

Marlborough, MA

Mary Reynolds Babcock Foundation

Maryknoll Fathers and Brothers

Maryknoll Sisters

Maryland State Retirement and Pension System

Massachusetts Housing Finance Agency Retirement Board

Massachusetts Port Authority Retirement Board

Massachusetts State Employees

Massachusetts Teachers' Retirement System (MTRS)

Massachusetts Water Resources Authority Retirement Board

Maynard, MA

Medford, MA

Melrose, MA

Mennonite Education Agency

Mennonite Foundation

Mennonite Retirement Trust

Merck Family Fund

Mercy Health

Mercy Investment Services

Methuen, MA

MetLife

MetLife Foundation

Meyer Memorial Trust

Miami (FL) Firefighters Relief and Pension Fund

Michigan Retirement Systems

Middlebury College

Middlesex County Retirement Board

Milford, MA Retirement Board

Milton, MA Retirement Board

Minnesota State Board of Investment

Minuteman, MA Regional Retirement Board

Missionary Oblates of Mary Immaculate

MissionPoint Partners

Missouri—The Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS)

Missouri State Employees' Retirement System (MOSERS)

Missouri State Treasurer's Office

Mize Family Foundation

MMBB Financial Services

Montague, MA Retirement Board

Montgomery County Employees' Retirement System

Naropa University

Nathan Cummings Foundation

Natick, MA Retirement Board

Natural Resources Defense Council

Needham, MA Retirement Board

Needmor Fund

New Bedford, MA Retirement Board

New England Biolabs Foundation

New Jersey Pension Fund
 New Mexico Educational Retirement Board
 New Mexico State Investment Council
 New School University
 New York Community Trust
 New York Quarterly Meeting Religious Society of Friends
 New York State Common Retirement Fund
 Newburyport, MA Retirement Board
 Newton, MA Retirement Board
 Next Wave
 Nia Community Fund
 Norfolk County, MA Retirement Board
 North Adams, MA Retirement Board
 North Carolina Retirement Systems
 North Dakota State Investment Board
 Northampton, MA Retirement Board
 Northbridge, MA Retirement Board
 Northeast Wilderness Trust
 Northland College
 Northwest Area Foundation
 Northwestern University
 Norwood, MA Retirement Board
 Oberlin College
 Office of the New York City Comptroller
 Ohio Police and Fire Pension Fund
 Ohio Public Employees' Retirement System (OPERS)
 Ohio School Employees' Retirement System
 Ohio State University
 Ohio Teachers' Retirement System
 Omidyar Network
 Oregon Community Foundation
 Oregon State Treasurer's Office
 Oregon State University Foundation
 Pacific School of Religion
 Palette Fund
 Park Foundation
 Pathstone
 Peabody, MA Retirement Board
 Pennsylvania Municipal Retirement System
 Pennsylvania Public School Employees' Retirement System
 Pennsylvania State Employees' Retirement System
 Pennsylvania State Treasurer
 Pennsylvania State University
 Peralta Community College District
 Peter and Carmen Lucia Buck Foundation
 Phipps Conservatory and Botanical Gardens
 Pittsburgh Foundation
 Pittsfield, MA Retirement Board
 Pitzer College
 Plymouth County, MA Retirement Board
 Plymouth, MA Retirement Board
 Pomona College
 Portico Benefit Services
 Pratt Institute

Prentice Foundation
 Presbyterian Church (USA)
 Presbyterian Foundation
 Prescott College
 Princeton University
 Prudential Financial
 Prudential Foundation
 Quincy, MA Retirement Board
 Rasmuson Foundation
 Reading, MA Retirement Board
 Reform Pension Board
 Revere, MA Retirement Board
 Rhode Island Employees' Retirement Systems
 Rhode Island School of Design
 Rice University
 Robert and Patricia Switzer Foundation
 Robert Treat Paine Association
 Robert Wood Johnson Foundation
 Rockefeller Brothers Fund
 Rockefeller Foundation
 Rose Foundation for Communities and the Environment
 RSF Social Finance (Foundation)
 Saint Louis University
 Saint Paul Foundation
 Salem, MA Retirement Board
 Salvation Army
 San Francisco Employees' Retirement System
 San Francisco Foundation
 San Francisco State University Foundation
 San Jose State University & Tower Foundation
 Santa Clara University
 Santa Fe Art Institute
 Saugus, MA Retirement Board
 Schmidt Family Foundation
 School Sisters of Notre Dame, Central Pacific Province
 Seattle Foundation
 Service Employees International Union (SEIU)
 Master Trust
 Shrewsbury, MA Retirement Board
 Sierra Club
 Sierra Club Foundation
 Silicon Valley Community Foundation
 Sisters of Charity of the Blessed Virgin Mary
 Sisters of St. Dominic of Caldwell (NJ)
 Sisters of St. Francis of Philadelphia
 Sisters of St. Joseph of Philadelphia
 Skoll Foundation
 Society for the Psychological Study of Social Issues
 Society of the Holy Child Jesus
 Solidago Foundation
 Somerville, MA Retirement Board
 South Carolina Retirement System Investment Commission
 South Dakota Retirement System
 Southbridge, MA Retirement Board
 Springfield, MA Retirement Board

SSM Health Care
 St. Paul (MN) Teachers Retirement Fund Association
 Stanford University
 State of Wisconsin Investment Board
 Sterling College
 Stoneham, MA Retirement Board
 Sun Life Assurance Company of Canada (U.S.)
 Sundance Family Foundation
 Surdna Foundation
 Swampscott, MA Retirement Board
 Swarthmore College
 Syracuse University
 Taunton, MA Retirement Board
 Texas—Employees' Retirement System (ERS) of Texas
 Texas—Teacher Retirement System (TRS) of Texas
 Texas County and District Retirement System
 Texas Emergency Services Retirement System
 Texas Municipal Retirement System
 The California Endowment
 The Funding Exchange
 The Hartford Insurance Company
 The Island Institute
 The McKnight Foundation
 The Nature Conservancy
 The Russell Family Foundation
 The Wilderness Society
 Threshold Foundation
 Tides Foundation
 Tiedemann Wealth
 Town Creek Foundation
 Treehouse Investments
 Triple EEE Foundation
 Triskeles Foundation
 Tufts University
 UAW Retiree Medical Benefits Trust
 Union of Concerned Scientists
 Union Theological Seminary
 Unitarian Universalist Association
 United Church of Christ (UCC) Pension Boards
 United Methodist Church Foundation
 United Nations Joint Staff Pension Fund
 Unity College
 University of California Regents
 University of Colorado Foundation
 University of Connecticut & Foundations
 University of Dayton
 University of Florida Foundation
 University of Georgia

University of Hawaii
 University of Illinois & Foundation
 University of Iowa & Foundation
 University of Maine Foundation
 University of Maryland
 University of Massachusetts Foundation
 University of Michigan
 University of Minnesota
 University of North Carolina at Chapel Hill & Foundations
 University of Northern Iowa
 University of Notre Dame
 University of Oregon Foundation
 University of Rochester
 University of Washington
 University of Wisconsin Foundation
 Ursuline Sisters of Tildonk, US Province
 V. Kann Rasmussen Foundation
 Vassar College
 Vermont 457 Deferred Compensation Plan
 Vermont Community Foundation
 Vermont Municipal Employees' Retirement System (VMERS)
 Vermont State Employees' Retirement System (VSERS)
 Vermont State Teachers' Retirement System (VSTRS)
 W. Clement & Jessie V. Stone Foundation
 W.K. Kellogg Foundation
 Wake Forest University
 Wakefield, MA Retirement Board
 Wallace Global Fund
 Waltham, MA Retirement Board
 Walton Family Foundation
 Warren Wilson College
 Watertown, MA Retirement Board
 Webster, MA Retirement Board
 Wellesley, MA Retirement Board
 West Springfield, MA Retirement Board
 Westfield, MA Retirement Board
 Weymouth, MA Retirement Board
 Wheaton College (MA)
 William Bingham Foundation
 Williams College
 Winchester, MA Retirement Board
 Winslow Foundation
 Winthrop Rockefeller Foundation
 Winthrop, MA Retirement Board
 Woburn, MA Retirement Board
 Worcester Regional, MA Retirement Board
 Worcester, MA Retirement Board
 World Resources Institute
 Yale University

Appendix 6

ESG Shareholder Proponents

Adrian Dominican Sisters

444S Foundation

Academy of Our Lady of Lourdes
(Rochester Franciscans)

AFL-CIO

Amalgamated Bank

American Baptist Churches USA

American Baptist Home Mission Society

American Federation of State, County and
Municipal Employees (AFSCME)

Amherst College

Amnesty International USA

Ancora MicroCap Fund

Appleseed Capital

Arjuna Capital

Arkay Foundation

As You Sow

Association of BellTel Retirees

Azzad Asset Management

Baldwin Brothers

Benedictine Sisters of Baltimore - Emmanuel Monastery

Benedictine Sisters of Chicago

Benedictine Sisters of Mount St. Scholastica

Benedictine Sisters of Virginia

Benedictine Sisters, Sacred Heart Monastery

Boston Common Asset Management

Boston Trust & Investment Management Company, Walden
Asset Management

Brainerd Foundation

Bricklayers and Trowel Trades International
Pension Fund

California Public Employees' Retirement System (CalPERS)

California State Teachers' Retirement System (CalSTRS)

Calvert Research and Management

Capital Innovations Sustainable Investments

Capuchin Franciscan Province of St. Joseph
(Midwest Capuchins)

Catholic Health Initiatives

CBIS (Christian Brothers Investment Services)

Center for Community Change

Change to Win

CHE Trinity Health

Christensen Family Foundation

Christensen Fund

Christopher Reynolds Foundation

Church of the Brethren Benefit Trust

Church Pension Fund

Clean Yield Group

Community Church of New York

Congregation of Benedictine Sisters of Boerne (TX)

Congregation of Divine Providence of San Antonio (TX)

Congregation of Sisters of St. Agnes

Congregation of St. Joseph

Congregation of the Sisters of Saint Joseph
of Chestnut Hill, Philadelphia

Congregation of the Sisters of St. Joseph of Brighton

Congregation of the Sisters of the Holy Cross

Connecticut Office of the State Treasurer

Connecticut Retirement Plans and Trust Funds

Creation Investments Capital Management

Dana Investment Advisors

Daughters of Charity, Province of St. Louise

David Rockefeller Fund

Dignity Health

Discovery Group / Discovery Equity Partners

Domestic and Foreign Missionary Society of the Protestant
Episcopal Church

Domini Impact Investments

Dominican Sisters of Hope

Dominican Sisters of San Rafael, CA

Dwight Hall Socially Responsible Investment Fund

Educational Foundation of America

Edwards Mother Earth Foundation

Equality Network Foundation

Evangelical Lutheran Church in America

Everence Financial (Praxis Mutual Funds)

Felician Sisters/Felician Health Services

First Affirmative Financial Network

First Parish in Cambridge

Flyers Rights Education Fund

Franciscan Sisters of Perpetual Adoration

Fresh Pond Capital

Friends Fiduciary Corporation

GAMCO Investors (Gabelli Asset Management Company)

George Gund Foundation

Glassbridge Enterprises

Graphic Communications Benevolent Trust Fund

Green Century Capital Management

Greenlight Capital

Harrington Investments

Haymarket People's Fund

Heartland Initiative

Heavy and General Laborers' Funds of New Jersey Local 472 and 172

Holy Land Principles

Home Missioners of America

HSBC Global Asset Management

Humane Society

Illinois State Treasurer

Indiana Laborers Pension Fund

International Brotherhood of DuPont Workers

International Brotherhood of Electrical Workers Pension Benefit Fund

International Brotherhood of Teamsters

Investor Voice

Investors Against Genocide

Investors for Opioid Accountability

Jantz Management

Jesuit Conference

JLens Network

Kansas City (MO) Firefighters Retirement

KBS Realty Advisors

Kestrel Foundation of Maine

Laborers District Council and Contractors Pension Fund of Ohio

Land & Buildings Capital Growth Fund LP

Lemmon Foundation

Marcato Capital Management LP

Mary Reynolds Babcock Foundation

Maryknoll Sisters

Max and Anna Levinson Foundation

Mennonite Education Agency

Mennonite Foundation

Mennonite Retirement Trust

Merck Family Fund

Mercy for Animals

Mercy Health

Mercy Investment Services

Metropolitan Capital Partners V

MGE Shareholders for Clean Energy

Miami (FL) Firefighters Relief and Pension Fund

Midwest Coalition for Responsible Investment

Miller/Howard Investments

Missionary Oblates of Mary Immaculate

Missouri Coalition for the Environment

Nathan Cummings Foundation

National Center for Public Policy Research

Nebraska Peace Foundation (Nebraskans for Peace)

Needmor Fund

New Summit Investments

New World Foundation

New York City Comptroller's Office

New York State Common Retirement Fund

Newground Social Investment

North Carolina Retirement Systems

NorthStar Asset Management

Northwest Coalition for Responsible Investment

Northwest Women Religious Investment Trust

Oblate International Pastoral Investment Trust

Oceanrock Investments

Oneida Nation Trust Enrollment Committee

Oregon State Treasurer's Office

Oxfam America

Park Foundation

Pathstone

Pax World Funds

People for the Ethical Treatment of Animals (PETA)

Pershing Square Holdings

Philadelphia Public Employees Retirement System

PL Capital Group

Plymouth Congregational Church of Seattle

Portico Benefit Services

Prentice Foundation

Presbyterian Church (USA)

Pride Foundation

Priests of the Sacred Heart

Providence Trust

Proxy Impact

REAL Infrastructure Capital Partners

Religious of the Sacred Heart of Mary, Western American Province

Renew Missouri

Reynders, McVeigh Capital Management

Rhode Island Employees' Retirement Systems

Rhode Island Office of the General Treasurer

Rockefeller Capital Management

Samajak LP

Sarissa Capital Management

School Sisters of Notre Dame Cooperative Investment Fund

School Sisters of Notre Dame, Central Pacific Province

SCP 2008 Trust

Seacor Holdings

Seattle City Employees' Retirement System

Segal Marco Advisors

Service Employees International Union (SEIU) Master Trust

Sheet Metal Workers

Sierra Club

Sierra Club Foundation

Sinsinawa Dominican Sisters

Sisters of Bon Secours

Sisters of Charity of St. Vincent de Paul (NY)

Sisters of Charity of the Blessed Virgin Mary

Sisters of Divine Providence

Sisters of Notre Dame de Namur (MA)

Sisters of Providence, Mother Joseph Province

Sisters of St. Dominic of Caldwell (NJ)

Sisters of St. Dominic of Grand Rapids

Sisters of St. Francis Charitable Trust (Dubuque)

Sisters of St. Francis of Assisi (WI)

Sisters of St. Francis of Philadelphia

Sisters of St. Joseph of Carondelet of St. Paul Province

Sisters of St. Joseph of Orange (CA)

Sisters of St. Joseph of Philadelphia

Sisters of the Good Shepherd

Sisters of the Holy Family (CA)

Sisters of the Holy Names of Jesus and Mary

Sisters of the Humility of Mary

Sisters of the Presentation of the Blessed Virgin Mary (SD)

Sisters of the Sorrowful Mother

Socially Responsible Investment Coalition

Society of the Holy Child Jesus

Sonen Capital

Southwest Regional Council of Carpenters Pension Fund

SumOfUs

Sundance Family Foundation

Sustainability Group at Loring, Wolcott & Coolidge

Sustainvest Asset Management

Swift Foundation

Tides Foundation

Tri-State Coalition for Responsible Investment

Triam Partners

Trillium Asset Management

Trinity Church Wall Street

Triple EEE Foundation

Triskeles Foundation

Trowel Trades Funds

UAW Retiree Medical Benefits Trust

Unitarian Universalist Association

UNITE HERE National Retirement Fund

United Brotherhood of Carpenters and Joiners of America

United Church Funds

United Methodist Church Foundation

United Steelworkers

Ursuline Sisters of Tildonk, US Province

UTE Holdings

Utility Workers Union of America

Vermont Office of the State Treasurer

Vermont Pension Investment Committee

Voce Capital Management

Wallace Global Fund

Wespath Investment Management

Wintergreen Advisers

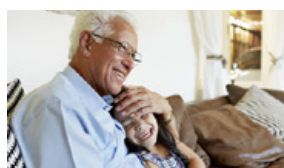
Zevin Asset Management

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ARHSHV6H| TEMP-08-18-0428 | 472135PM | 09/2018

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**MacArthur
Foundation**
www.macfound.org/impactinvestments

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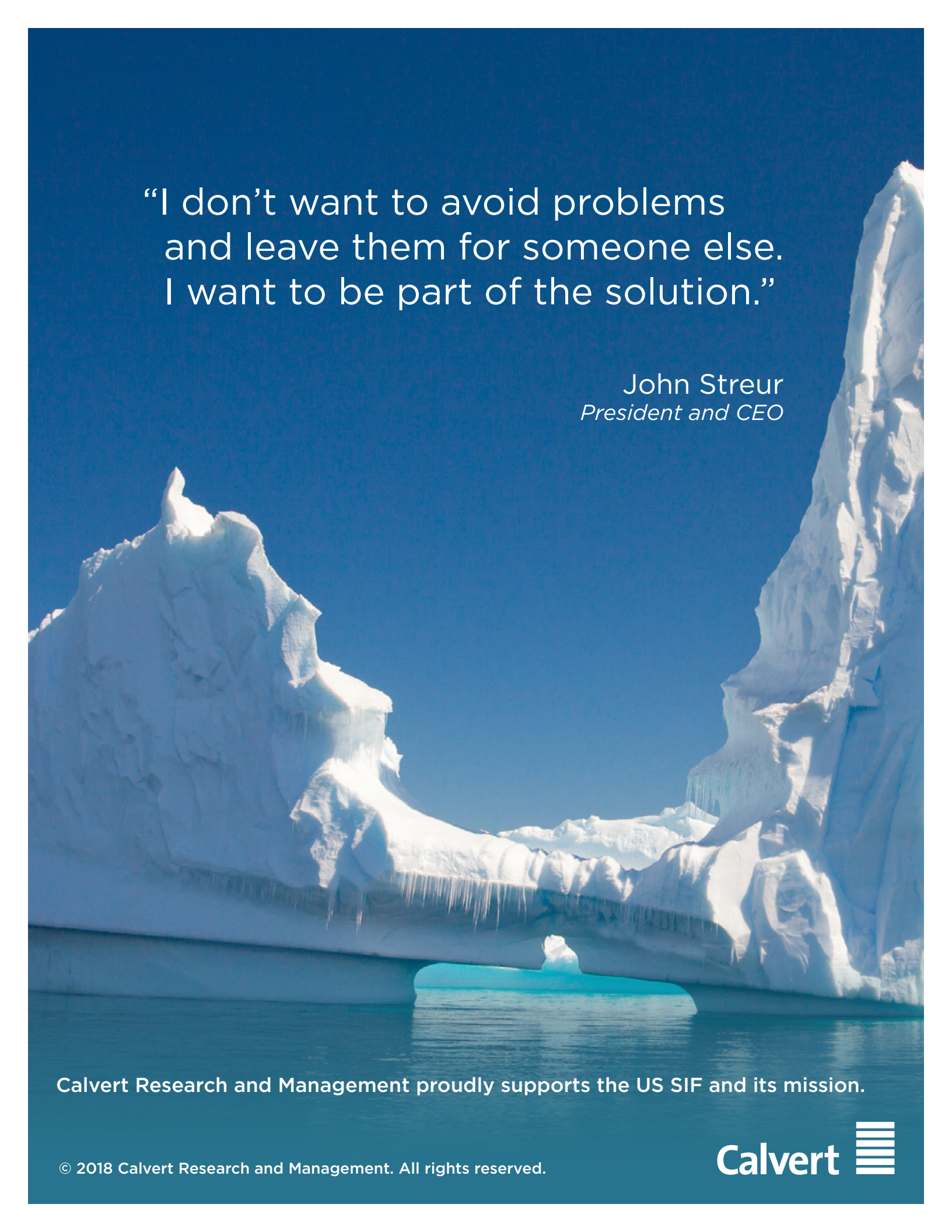
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