

# Socially Responsible Investment Pool (SRI)



**This investment pool is for people who are:**

- Interested in aligning their investments with the Vermont Community Foundation’s mission and values
- Seeking to align investments with Environmental, Social, and Governance factors (ESG) and/or the United Nations Sustainable Development Goals (SDGs)

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## Overview

Our SRI Pool seeks to support, promote, and advance the following core values, embodied in the Community Foundation’s mission and vision:

- Advance and Strengthen Civil Society
- Promote Environmental Integrity
- Lead Community Improvement and Betterment
- Build Economic Durability

## Our Guiding Investing Principles

- Conduct ESG and VCF core values evaluation of investment managers as part of a wider analysis of risk and return.
- Build a diversified portfolio with risk and return balancing volatility appropriately while advancing the Foundation’s core values.
- Offer the SRI Pool as an additional market rate investment vehicle to VCF fundholders interested in and/or prioritizing ESG impact.
- When we have the capability to screen out investments that are in direct conflict with VCF values, we do. These conflicts can include tobacco, military weapons, predatory lending, private prisons, and companies with no women on the board.

## Recent Performance Net Returns (%)

	Year-to-Date	1 Year	3 Year	5 Year	7 Year
<b>SRI Pool</b>	<b>12.2</b>	<b>3.5</b>	<b>7.5</b>	<b>6.7</b>	<b>7.6</b>
Benchmark	13.7	3.9	7.5	6.1	7.1
Mutual Funds 60/40 (%)	13.3	5.3	7.1	5.5	6.5

*Data as of September 30, 2019*

## How we define ESG considerations

Environmental, social, and governance factors guide investment decision making for socially conscious investors. Environmental factors focus on a company’s use and stewardship of natural resources. Social factors evaluate a company’s relationships in the communities where they work especially with employees, vendors, and customers. Governance factors focus on the management and leadership of a company including shareholder rights, internal controls, and executive pay.

## Our SRI Framework and the SDGs

As we implement our revised SRI framework, global metrics have emerged as criteria for the work of many socially responsible companies including investments companies.

17 Sustainable Development Goals or SDGs were adopted by world leaders at the United Nations Sustainable Development Summit in September 2015. The SDGs are increasingly being used in the investment sector as part of the framework for socially responsible investing.

We believe that aligning the Vermont Community Foundation's SRI Core Values framework with the SDGs provides a common language for assessing investments on the broad financial markets.

## How we implement our values screens

When the Foundation invests with an investment manager, the following criteria are evaluated in assessing their alignment with the Values Framework:

- Promotes environmental integrity
- Conducts successful and genuine values-based SRI investing with the necessary staff, expertise, and knowledge
- Provides investments that align with VCF Core Values
- Offers strong financial performance
- Maintains an acceptable risk profile
- Works closely with VCF Board and staff to assess/measure non-financial impact of investments

Our investment managers are evaluated on these criteria in a rubric that weighs investment philosophy, values alignment, performance, and impact, and these directly influence our decision-making in regards to manager selection.

## THE VERMONT COMMUNITY FOUNDATION SRI POOL VALUES FRAMEWORK & SDGs

### Civil Society

- Strong NGO community to address societal challenges
- Increase access to capital to advance efforts by these groups to improve community/society



### Environmental Integrity

- Sustainable agriculture
- Clean air and clean water
- Working lands
- Resilience
- Climate change
- Clean/renewable energy



### Community Health and Vitality

- Arts
- Equity
- Workplace fairness
- Building social capital
- Diversity
- Focus on underserved communities and populations
- Education



### Economic Durability

- Responsible lending practices
- Supporting small businesses
- Land use planning
- Sustainable infrastructure
- Supporting companies that are pursuing innovative solutions to challenges

