

## **SOCIALLY RESPONSIBLE INVESTING (SRI): What Is It?**

January 2015

The Social Justice Action Team has called upon Follen Church as an institution and on its members to consider aligning our investments with our values. Socially responsible investing (SRI), also known as sustainable, or responsible, investing, is any investment strategy that seeks to consider social good as well as financial return; it is a strategy that is a positive force, one that invests in companies that promote environmental stewardship, human rights, equal employment practices, and good governance, among others. Historically some would argue that it was one of the factors contributing to the end of apartheid in South Africa and to the rise in public awareness of the health dangers of tobacco.

The **three** prongs of SRI include **investment selection**, choosing which companies to invest in using social environmental, and governance (ESG) criteria; **engagement** or working to improve the ESG performance of companies whose securities you own through shareholder resolutions, etc.; and **community investing** which directs a portion of your investments towards community development finance institutions (CDFIs) or microfinance funds. See [www.ussif.org](http://www.ussif.org) for more information.

The Unitarian Universalist Association is a well-known leader in SRI. In June 2014, the UUA passed a resolution calling for divestment from fossil fuel companies in the UUA Common Endowment Fund (UUCEF). The fossil fuel companies that are targeted are those listed in the Carbon Underground 200, those top coal, oil, and gas companies which hold the world's highest potential carbon emissions content in their reserves. The essential message is this: planet Earth will not be livable (as we know it) for human beings if temperatures rise above 2 degree Celsius. This means that only one-fifth of the known fossil fuel reserves can be spewed into the atmosphere, yet fossil fuel companies are valued on the assumption that all these reserves will be used, that there is no cost to pollution; in short, a business model that will result in catastrophe. This overvaluation of fossil fuel companies is the so-called **carbon bubble**.

Active in SRI activities for decades, the UUA has worked in the three areas described above, and, as of 2014, approximately 57% of the Fund's investments were subject to some degree of SRI screening. The UUCEF has achieved excellent risk-adjusted returns compared with endowments of similar size over the past five years. For the period ending November 30, 2014, its 3-year rate of return was 9.4%. Contrary to convention wisdom, SRI is compatible with strong financial performance; see [http://uucef.org/files/2014/06/item6\\_sri\\_perform.pdf](http://uucef.org/files/2014/06/item6_sri_perform.pdf).

### **What Can We as Individuals Do?**

It is a fact universally acknowledged that in our market-driven society the consumer is king.

1. Check out the Carbon Underground 200 to see if you hold any stocks in those companies; sell them if possible and write to them with your reasons.
2. Even better, transfer ownership to Follen and let Follen sell them.
3. Contact your mutual fund investment companies to see if they offer SRIs; if they don't, encourage them to offer them and tell them why.
4. Consider researching those mutual funds that you do own to see what holdings may be included that are objectionable.
5. Identify and invest in new SRIs. There are many more to choose from than in the past.

See:

Extracting Fossil Fuels from Your Portfolio:

[https://s3.amazonaws.com/s3.350.org/images/guide\\_to\\_personal\\_divestment.pdf](https://s3.amazonaws.com/s3.350.org/images/guide_to_personal_divestment.pdf)

Resource links under Follen's Environmental Justice Task Force web page: <http://follen.org/community/social-action/ejtf/www.Socialfunds.com>

Questions or comments can be sent to [follen-ejtf@googlegroups.com](mailto:follen-ejtf@googlegroups.com)