

The Boston Security Analysts Society, Inc.

SUSTAINABLE INVESTING: TAKING THE LONG VIEW

Thursday, November 20, 2014

8:00 AM - 5:30 PM

B S A S
THE BOSTON SECURITY ANALYSTS SOCIETY, INC.



- 8:00am** **Welcome and Introductions**
Michael Greis, CFA, Principal, Riverbend Advisors
- 8:15am** **Keynote Address**
Verne Sedlacek, President and CEO, Commonfund
- 9:00am** **Portfolio Construction for Sustainable Investing**
Noelle Laing, Senior Investment Director, Mission-Related Investing, *Cambridge Associates*

Noelle Laing will discuss the various ways institutional and high net worth investors incorporate sustainable investment choices – such as mission-related or socially responsible investments - in their portfolios. She will provide background on how the decision to make these investments is made, the universe of potential investments, and overall portfolio implementation. Client case studies will be used to provide specific examples of this process.

- 9:45am** **Creating Value Through Shareholder Engagement – Impact on Companies, Investors and Markets**
Tim Smith, Director of ESG Shareowner Engagement, Walden Asset Management
Kathrin Winkler, Chief Sustainability Officer, EMC
“Town Hall” responses opened by:
Susan Baker, Vice President Shareholder Advocacy, Trillium Asset Management

Shareholders have a variety of ways to express their views on a company’s policies and management, the most widely known being the right to vote their shares on certain matters by proxy or in person at annual meetings. But some investors go further, seeking to actively engage with company management on matters relating to corporate policy and business strategy.

Tim Smith, a veteran shareholder advocate, will lead a discussion on how investors can successfully engage with companies to promote more sustainable business practices. The discussion will address how engagement affects both investors and companies, and why both may benefit. Specific topics will include how investors choose the firms to approach and the topics for engagement, as well as how companies respond to investor requests, with specific examples from past engagement campaigns.

- 10:30am** **BREAK**

10:45am **Governance and Geography: Impact of Governance on Global Equity Markets**
Vitaly Veksler, CFA, CEO and Portfolio Manager, Beyond Borders Investment Strategies, LLC, Moderator
Robert von Rekowsky, Emerging Markets Strategist, Fidelity Investments
Sonia Kowal, President, Zevin Asset Management, LLC

While “Environmental” and “Social” factors (or “E” and “S” of the “ESG” framework) are relatively new additions to mainstream investors’ analytical toolkit, “Governance” (or “G”) factors have been widely used by investors for some time. Determining the quality of governance at both the company and country levels has been a key consideration in equity investing in developed and, especially, emerging markets. This panel will consider the impact of various sovereign and corporate governance standards on valuations of public equities in both developed and emerging markets. The panel will also discuss a question of whether improvements or deterioration in national governance standards affect equity valuations.

11:30am **Information Providers**
Heidi Soumerai, CFA, Managing Director, Director of ESG Research, Walden Asset Management (Moderator)
Barbara Pomfret, ESG Project Manager, **Bloomberg, LP**
Matt Moscardi, ESG Analyst, **MSCI**
Sarah Smith, Senior Responsible Investment Advisor, **Sustainalytics**

Sources of information on ESG factors available to investment professionals have exploded in recent years, and providers are continuously adding information and enhancing tools to make the information more useful. Sustainable investors typically use several such sources. Moderator Heidi Soumerai, an investment professional who has evaluated and uses multiple sources of ESG information for decision making, will lead an interactive conversation with three leading information providers.

The panel discussion will showcase the range of capabilities, variety of uses, and some challenges faced by information providers in delivering actionable information to investors. Our goal is to enable attendees to more effectively engage with these providers - and others - to select and make productive use of the information now available and still to come. We hope that attendees will take advantage of the (poster session/facility) during lunch and the breaks to have one-on-one conversations with the panelists and the other providers present while the session is still fresh in their minds.

12:15pm **LUNCH**

1:00pm **Fixed Income Opportunities**
Tim Coffin, Senior Vice President, Breckinridge Capital Advisors (Moderator)
Mark Kim, CFO, DC Water Authority
Heike Reichelt, Head of Investor Relations and New Products, The World Bank
Maulin Shah, Capital Markets, Bank of America Merrill Lynch

Sustainable investing is a growing practice in fixed income. Evaluating risk is central to all fixed income investing, so it is not surprising that an increasing number of investors are considering the impact of ESG factors on the value of the corporate debt and

municipal bonds in their portfolio. But the rapid growth of the green bond market, impact investments and other vehicles are also providing investors with new fixed income investment choices targeting sustainability challenges and opportunities.

The panel will review the options available to investors seeking to incorporate sustainable investing into their fixed income portfolios. The discussion will feature perspectives from a municipality, a multi-development bank green bond pioneer, and an underwriter bringing green bonds to market.

Topics will include integration of ESG factors into fixed income analysis, types of municipal bond issuers and the impact investing opportunities they offer, the evolution and current state of the green bond market, and what sustainable fixed income investing may look like in the future.

1:45pm

ESG Integration Across Asset Classes

Noel Friedman, CFA, Executive Director, ESG Ratings, MSCI (Moderator)

Robert Wilson, Institutional Portfolio Analyst, MFS

Bracebridge Young, Partner and CEO, Mariner Investments

Stephen Bonte, CFA, Standish Mellon

Institutional investors are becoming increasingly aware of the potential risk and value impact of Environmental, Social, and Governance (ESG) factors, and their potential effect on the long-term risk and return profile of investment portfolios. Managing ESG risk has increasingly become part of an integrated portfolio construction and risk management process.

Integrating ESG into the investment process is also the first principle for PRI signatories, and is increasingly being mandated and scrutinized by asset owners who are becoming more focused on ESG.

A 2013 survey conducted by MSCI ESG Research on "ESG Integration across Asset Classes" showed that the majority of participants (35%) focused on public equities. However, at the same time, there was a growing interest in other asset classes such as fixed income (20%), real estate (13%), private equity (13%) and other alternatives (13%). As the momentum to integrate ESG factors into investment decisions across asset classes continues, the panel will explore how leading firms are responding? What are the remaining ESG integration challenges? Are firms seeing an uptick in interest from clients and how are internal teams responding?

2:30pm

BREAK

2:45pm

Supply Chain Risk Across Sectors

Katie Schindall, Consultant Program Manager, Sustainability, EMC

John Stokes, Supply Chain Sustainability Manager, New Balance

Ed Canty, Fair Trade Organic Coffee Buyer, Green Mountain Coffee Roasters

Deadly fires in overcrowded garment factories may be the image called to mind when investors think of Environmental, Social & Governance (ESG) risks in the supply chain. But the reality is that supply chain ESG risks affect virtually all industries. The risks being

addressed today are as broad as can be imagined, and the reasons for tackling them have as much to do with their impact on shareholders as on outside stakeholders.

Our panelists will briefly describe the supply chains in each of their industries, how they manage the risks present in those supply chains as part of their business models, and how managing those risks adds value to their firms, their investors and their customers. We plan to discuss which ESG risks may rise to the top and receive executive & board level attention, and how those risks could affect their companies' bottom lines if not managed effectively.

3:30pm

Closing Address

James Gifford, Senior Fellow, Initiative for Responsible Investment, Harvard;
Senior Advisor, TAU Investments; Founder and former Executive Director,
Principles for Responsible Investment

4:30 – 6:00

NETWORKING RECEPTION