The chart below provides an overview introduction to the types of funds and environmental, social, and governance attributes that are tracked by USSIF, the Forum for Sustainable and Responsible Investment.

Four categories, and 15 attributes are tracked by USSIF. The primary categories are:

Environment: Tracks if fund invests in companies that have a positive or negative impact on the environment; attributes include:

Climate/Clean Technology, Pollution/Toxics, Environment

Social: Monitors social justice of companies included within fund, attributes include:

Community Development, Diversity & EEO, Human Rights, Labor Relations, Sudan

Governance: This category is looking for institutions that practice ethical public affairs and management of public resources, and have formal policies to monitor their behavior; attributes include:

Board Issues, Executive Pay

Product: This category considers whether or not funds invest in any products that may be controversial, as noted by the categories below. If you don’t want to invest in a company that makes their money from Alcohol or Gambling, for instance, you could avoid funds that included these companies. Attributes include:

Alcohol, Animal Welfare, Defense/Weapons, Gambling, Tobacco

All USSIF ratings are self-reported by fund managers, according to the following scale:

X: No Investment (excludes investments made in this category)

C: Combination of Positive and Restrictive/Exclusionary Strategies

P: Positive Investment: Seeks investments with positive impacts in this area

R: Restricted / Exclusionary: Seeks to avoid poor performers in this area

--: No Screens

\*: Has a formal policy restricting investment in fossil fuels

A few notes about this first chart. First, we are looking at average return (y axis) by management fee (x axis) for each fund reporting into USSIF. The height of each point estimates your return (based on historical performance), and the x-position tells us how many fees you are paying. Clearly, you want to maximize your position on the y axis while minimizing the x-axis (fees being paid). The color of the points indicates the performance rating for the various attributes listed. Clicking the “+” sign near “Environment” expands the attribute categories to the 15 specific attributes.

Looking at the category level, we see that the ‘Int’l Global’ fund type has the most C ratings, and some great returns. ‘Equity, Sm-Mid Cap ‘ fund type has the fewest C ratings.

This is high level information, to dive further in (for example to International Global), the dashboard below allows us to review each attribute type in additional detail, along with a clearer distinction of the financial performance of the funds.

##### Detail Chart

In this detail chart, we can switch between attributes to review specific fund performance. For example, for the “Climate / Clean Technology” attribute, we see that the Calvert funds all perform well with C ratings, high returns, and moderate management fees. If we update the attribute to “Animal Welfare”, we see the Calvert funds drop to the R rating (restrictive).

The bottom chart in this dashboard provides an overview of financial performance, with the rating for the current attribute selected. Please note that clicking on any chart will filter the other chart appropriately.

# Forest and Water

CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. CDP concentrates on getting investors, companies, and cities to take action to build a truly sustainable economy by understanding and measuring their environmental impact.

This section focuses on two areas, forest and water. Quoting Katie McCoy - Head of forests, CDP,

“Supply chains are like rows of dominoes: if unsustainable commodities enter the top of a supply chain, the effects will cascade throughout. Failing to address deforestation will have knock-on reputational impacts, manifesting themselves as consumer boycotts, community opposition, and increased regulatory scrutiny. Business growth is at risk.”

Sustainable practices are not just important for the environment, but also the bottom-line of companies (and thus our investments).

According to CDP, “77% of reporting companies recognize at least one supply chain risk with the potential to generate a substantive change in business operations, revenue or expenditure…

However, only 42% of companies have evaluated the availability or quality of forest-risk commodities over the medium-term. With such a large proportion of company revenues attached to these commodities; companies need to ensure they are planning for the long-term to ensure the sustainable supply of these commodities in future.”

Additionally, water security is essential to tackling climate change and protecting the bottom line.

CDP's water program motivates companies to disclose and reduce their environmental impacts by using the power of investors and customers. The data CDP collects helps influential decision makers to reduce risk, capitalize on opportunities and drive action towards a more sustainable world.

For more information, click here(forest) or here(water).

https://www.cdp.net/en/research/global-reports/global-forests-report-2016

<https://www.cdp.net/en/water>

# in investigation

As noted in the education section, the CDP looks at deforestation practices and water security, as sustainable practices are not just important for the environment, but also the bottom-line of companies (and thus our investments).

For Water Sustainability, CDP includes Detrimental Water Impacts, Water Business Opportunity, and overall Water Risk. Companies report whether or not they face these impacts or opportunity.

For Deforestation, information is collected for three agricultural commodities responsible for most deforestation, specifically Timber Risk, Soy Risk, and Palm Oil Risk. Companies report weather or not it is applicable to them, and the amount of risk it presents.

It is through awareness and responsible monitoring that the CDP sees sustainable practices.

The charts below are showing which companies are evaluating their deforestation and water programs. For both, you see the CDP categories for involvement in sustainable practices, as well as their historical performance, reported as a return. The darker the blue bars, the better the return. The more orange, the more negative the return.

https://public.tableau.com/views/Deforestation\_7/ForestnWater?:showVizHome:no&:embed=true&:display\_count=yes&publish=yes