



ISSUE #100: A Look Back at Key Moments and Ideas

To commemorate twenty-five years of publishing this newsletter, we scoured the archives to bring you a selection of articles highlighting key moments in our journey as leaders in socially responsible investing. As our firm has grown, so has the chorus of voices representing our unique approach to making a positive impact in the world.

Tales of the Quarter Century

by Michael Kramer

Before we were financial advisers, most of us were educators who felt called to drive positive change through teaching, writing, innovating, movement-building, and leading by example in sustainability and social justice. We have nurtured this commitment over three decades at Natural Investments by working with our investors to realize our shared vision of a more sustainable and equitable future. And we've seized the opportunity to share inspiring updates with you every quarter—vital, consistent reminders of what can be accomplished through the intentional stewardship of assets.

This issue of our newsletter is our 100th. Over the past twenty-five years, we have written hundreds of articles, as well as three books, chronicling the growth of our movement for sustainable, responsible, and impact-focused investing. Socially responsible investing has moved from the margins into the mainstream, and we have celebrated the investment opportunities and advocacy victories that bring people into better relationships with each other and the natural world. We have played a meaningful role in a paradigm shift that the business community cannot ignore.

As we grew from a father-son partnership to a robust team of twenty advisors across twelve states, these newsletters have added our unique voices to a chorus of global change agents. To celebrate this journey, our 100th issue takes us down memory lane. Reflecting on three decades of historical perspective, we begin to see the distance we've traveled and how we have shaped the SRI movement at large. In the pages that follow are our real-time reflections on:

- how the global SRI divestment movement lent vital support to South African anti-apartheid activists who successfully fought to end apartheid
- fighting climate change through fossil fuel divestment

- investing in community development in response to Hurricane Katrina
- the 2007-2008 financial crash and the long road to recovery
- the Darfur Genocide
- shareholder activism as a tool for accountability

- gender-lens investing
- the prison divestment movement

We hope that by highlighting the sources of our own inspiration—local and global, private and public, micro and macro, personal and professional—we will inspire you to continue advancing the evolution of our society. Understanding the past guides our current and future work and illustrates the movement's progress.

Today we are witnessing growing interest in and access to SRI options (including online platforms)—evidence of the increased credibility and power of this investment approach. Although we must guard against the pressure to water down SRI standards as it grows in popularity and profit, we remain hopeful that millions more people will align their assets with their values in order to move civilization in a better direction.

Natural Investments is particularly encouraged by the younger generation of investors and investment professionals, who have grown up with a heightened awareness and sense of responsibility for the evolution of our society. Those of us who've been around a while know that now more than ever, we need to listen to what these emerging leaders are thinking, saying, and doing—and follow their lead. We know you will enjoy reading more about their perspectives in future issues.

We look to the past to find an anchor for today. These are dynamic times, but regardless of what may unfold in the future, it's important to remember and appreciate the seeds we planted. Many of them have germinated, sprouted, and begun bearing fruit. Can you taste them?



Jack Brill's MARKET COMMENTARY
Stocks leveled off but still posted modest gains in the third quarter of 2003. The Dow Jones Industrial Average (DJIA) gained approximately 3.8%. This follows a much larger gain of 13% that was chalked up in the second quarter. The market shrugged off uncertainties in the economy including the burgeoning federal deficit, high unemployment and Iraq war controversies. Looking back, in the past 12 months all of the major stock indexes have recorded their gains.

With 3 losing years in a row from 2000 through 2002, those who believe in statistics have pointed out that the stock market has not had four consecutive losing years since 1952. It was hoped that the market would break out of its slump in 2003. There is the possibility of a very volatile stock market over the next term with a partial year-end sell-off but overall the market has a good possibility of ending the year in positive territory.

The NASDAQ has had a remarkable comeback. It is up an astounding 60% since its low last October and 34% year-to-date.



Michael Kramer's LIVE ALOHA
With the recent departure of Richard Grass as chairman of the New York Stock Exchange, one thing has become abundantly clear within the financial community: ethics are now a major factor in how corporations are run. Who could have imagined this scenario ever occurring in American business? Grass committed an crime we are aware of, and the NYSE was successful under his tenure, but for the first time in history a CEO was forced out for essentially being too successful. The \$140 million benefit package in the form of a series of "cesses" that the public and the regulators seem to find distasteful.

Good - is that Bosley in the NY - is an longer "huddle" can be one put in today is assembly. The SEC is now the socially

Hal Brill's VIEW FROM PAONIA
BEYOND SRI - WHERE DO WE GO FROM HERE?

I've just returned from Austin, Texas, where I got to try out some new material in front of a live audience. No, this wasn't an attempt to launch a musical career. This was a speaking gig at an event called the Green Festival (www.greenfest.com). Thousands of folk moseyed through the exhibit hall. One could check out all sorts of natural products for the home, renewable energy systems, alternative vehicles, health and wellness products, great organic foods, a jangle of local activists and of course, great Austin music.

I was among over 50 speakers that presented talks and workshops ranging from an eco-fashion show to the zany little Sean Ben Hightower speaking about his new book "There's in High Places". I was prepared to have a sparsely attended session since the fashion show was competing with me, and besides, people usually regard sessions about money with the same enthusiasm as they have for taking out the garbage. But as I was being stung up for sound I noticed that the room was filling up. So I took a breath and launched into my new talk that I scribbled that morning in my hotel room.

responsible investor's best advocate for demanding full disclosure of salary packages across the industry. Other exchange CEOs make for his compensation - more in the \$1-2 million range - but perks such as bonuses and stock options are worth up to \$60 million for some. Nevertheless, Grass was more the exception than the rule, which is undoubtedly the reason for the favor over his salary.

The real problem, however, is that the chairman of the exchanges is a regulator, not a true CEO, which is why it is hard to justify such exorbitant salaries, particularly in tough economic times when the investors the chairman is supposed to be protecting have been victimized by corporate scandals from the exchanges' members.

Which brings us to the former employees of Enron. They are

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Viva South Africa! [1994]

by Hal Brill

References to divestment as an advocacy tool appear throughout this anniversary issue, but the South Africa divestment movement of the 1980s is credited with being the first successful campaign by socially-conscious investors to help catalyze major political change—in this case, the end of apartheid.



April Freedom Day celebrations in Kwa-Thema Township, near Johannesburg, commemorating the 25th anniversary of the end of apartheid. AP Photo/Denis Farrell

For us, the biggest headline of last year was “Apartheid Dies!” The biggest success story for SRI unfolded, as the African National Congress called for lifting sanctions against South Africa. Apartheid is about to be buried, and the people of South Africa are on the difficult road toward democracy.

In 1982, the Calvert Social Investment Fund became the first mutual fund to avoid investing in companies doing business

in South Africa. The movement grew throughout the 1980s and added important financial clout to the struggle to end apartheid. SRI investors can take satisfaction from playing this critical role.

Today there is a need to invest in a way that promotes economic growth in South Africa. Calvert is already implementing a strategy of investing through micro-lending to support people in local communities. In partnership with the non-profit organization Opportunity International, Calvert is supporting its program of providing Black-owned businesses in South Africa with seed capital and job skills training.

The most inspiring news of 1994 has to be South Africa’s first free elections, and Nelson Mandela’s transformation from prisoner to president. By keeping over \$600 billion of private investment out of the hands of companies in South Africa, socially responsible investors found the key to assist those fighting to free a nation from oppressive apartheid policies.

Along the way, statistics were compiled which compared the performance of unscreened investments to South Africa-free investments. Most notable of these efforts is the Domini 400 Social Index, which outperformed the S&P 500 market index every year from 1986 to 1992, showing that considering social issues does not necessarily hurt financial performance. With many other repressive regimes still inflicting death and persecution (such as Haiti and Burma), we should be looking for ways to continue using this peaceful, potent weapon as a means to leverage human rights.

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Divestment as a Moral Imperative

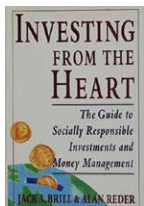
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Decades of Thought Leadership

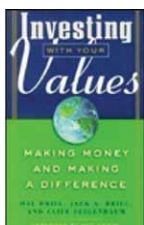
Natural Investments Milestones

Jack's first article, *Healthy Money*, for Ocean Beach People's Food Coop newsletter



***Investing from the Heart*, by founder Jack Brill, by published Crown. We coin the term "natural investing"**

Natural Investments' first issue of *The Heartful Investor* newsletter



***Investing with Your Values*, by Jack, Hal and Cliff Feigenbaum, published by Bloomberg**

Michael's first article about joining the firm as its third adviser

Christopher's first piece about scenario planning and holistic financial planning

Scott Secret, Director of Investment Research, authors his first *What's Up on Wall Street?* market commentary

Natural Investment Services Inc evolves into Natural Investments LLC and shared ownership

We become a Founding B Corp and coin the term "regenerative investing" in World Watch Institute's annual *State of the World*



***The Resilient Investor: A Plan for Your Life, Not Just Your Money* is published by Berrett-Koehler**

We publish *Rigor in Ratings*, our first white paper on SRI mutual fund rating systems

20 Advisors at Natural Investments, 100th Issue of Newsletter

SRI Industry Milestones

1990

The Domini Social Index launches, the first to track companies on environmental, social, and corporate governance criteria. SRI in US = \$200 Billion

1992

US Treasury's Community Development Financial Institution (CDFI) Fund established to help with economic development in low/mid-income areas

1994

1995

SRI in US = \$639 Billion



1997

Global Reporting Initiative (GRI) launches an international corporate reporting standard on environmental, social, and economic performance

1999



2000

SRI in US = \$2.16 Trillion

2001

2003

SEC requires mutual funds and investment advisors to disclose their proxy voting guidelines and records, a breakthrough for shareholder advocacy efforts

2004

2005

SRI in US = \$2.25 Trillion

2006

UN Principles for Responsible Investment (PRI) launched



2007

UN meta-study highlights correlation between SRI and financial performance

2008



2009

Global Impact Investing Network launched

2010

SRI in US = \$3.07 Trillion

2014

Fossil Fuel Free investments in US = \$41 Billion

2015

2018

SRI in US = \$11.6 Trillion

2019

Fossil Fuel Free investments in US = \$226 Billion



NI Scores High in *New York Times* Fund Study [2000]

by Jack Brill

For seven years, we took part in a *New York Times* study to find the best investment portfolio. As the only socially responsible money manager invited to participate, Natural Investments was the “long shot,” but we excelled in the competition. It was a very satisfying and public refutation of the myth that SRI sacrifices financial returns.

In 1993 the *New York Times* asked five of the nation’s leading investment advisers to design model portfolios for a hypothetical retirement portfolio for an investor having \$50,000 and twenty years to go until retirement. I was asked to participate and create a portfolio using only socially screened mutual funds.

This competition, which appeared quarterly starting July 1, 1993 through its completion on June 30, 2000, became a high-profile opportunity to watch the evolution of Natural

the range of 12.53% to 18.93% for the other competitors. The S&P 500 gained 20.97% for the same period. Many new socially screened mutual funds were introduced and performance significantly improved. During the course of the study the socially screened portfolio had ten winning quarters, more than any of the competitors.

The final results were a real opener to those who predicted that an exclusively socially responsible was destined to underperform because screening would limit one’s investment opportunities. We have always contended that social screening enhances investments because it identifies companies that are well managed, caring employers who provide goods and services that are wanted and needed. They also avoid companies involved with pending law suits such as the tobacco industry and environmental polluters.

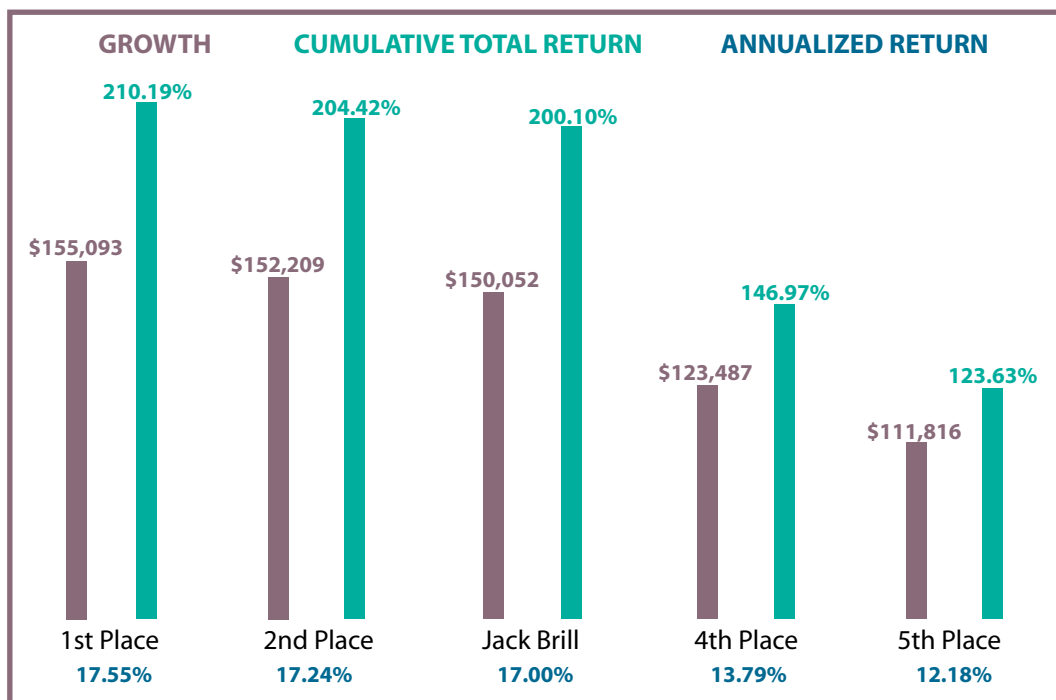
Hence, they add value to the stocks of the companies.

As you can see from the chart, my portfolio was extremely competitive. The annualized annual total returns for the top three contenders were extremely close. This is significant because my portfolio throughout the study was more conservative than the others. Mine was the only portfolio to have 15% of the assets in bonds.

Note: The S&P 500 gained 18.13% for the period of the study.

The *Times* series shows that Natural Investors face the same challenges and have

the same opportunities as other investors. The ability to build a diverse portfolio from a growing pool of socially screened mutual funds proves that socially responsible investing is providing a “double bottom line”. Investors can get good financial returns while helping to make a more environmentally sustainable world. While “past performance is no guarantee of future results” this study should help squelch the critics of socially responsible investing and finally change Wall Street logic that insists we should make money any way we can, including helping to destroy the planet, and then donate to our favorite charity.



Investing’s success. Keep in mind that the other participants could choose from thousands of funds, while I was initially limited to the twenty existing screened funds. At first my portfolio lagged behind the others, due in part to the underperformance of an environmental sector fund and a short-lived market-timing fund that mis-gauged the strength of the then-developing bull market.

Over the course of the study my portfolio moved steadily up in the standings. Performance for the period from January 1, 1996 to the close of the study was especially noteworthy. My portfolio gained an annualized 21.12% compared to



Bringing Consciousness to Capitalism [2001]

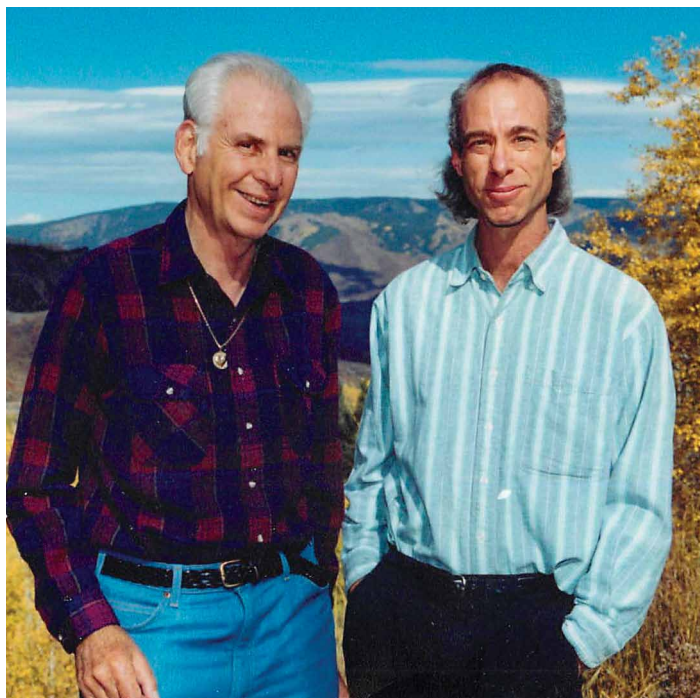
The Surprising Path of Natural Investing

by Hal Brill

A reflection on how our founders came to “natural investing” over thirty years ago, planting the seeds for today’s vibrant Natural Investments group, which includes twenty advisors all across the U.S. helping clients manage a half billion dollars in regenerative and conscious capital.

“Yes, this is Mr. Brill, rep number 638, with an order to sell 4,000 shares of Exxon at market.” I completed the trade for my client and stepped out of my office with a satisfied smile. I had just helped a conscientious investor divest herself from a company whose environmental transgressions offended her. And look where I was! The Wall Street clerk taking my order must have pictured me in a stuffy brokerage suite with ticker tapes flashing. But in 1992 I had taken refuge in a relic travel trailer parked on a friend’s high desert acreage outside of Santa Fe, New Mexico. Along the south side I built an arching sunroom with straw-bale walls. A 500-foot extension cord and phone line snaked through the pinyon and juniper trees, linking me and my laptop to the world. I wore Guatemalan shorts to work, not a pinstriped suit.

Today, each of us must find our path through the economic world, making choices about how we earn, spend and invest. We are bombarded with aggressive messages about investing. Wild fluctuations of the Dow (or now, the dot com stocks of the NASDAQ) dominate the news. On-line brokers entice us with point-and-click trading; millions seek jackpots in the stock market as if it were a casino. But money is not a game. Our daily economic choices have powerful consequences. What is the goal? Will getting rich solve our personal and planetary dilemmas? What kind of future do we want for ourselves, our children, our communities and the world?



Jack Brill, founder of Natural Investments, with his son and partner Hal Brill.

Dumping my client’s Exxon stock was a tiny act in the context of the global economy. Yet it is indicative of one of the most hopeful directions of our times. A large and growing segment of the public – both individual and institutional investors – are engaged in the revolutionary act of investing consciously. They are demanding that their investments produce more than profit; they want companies they own stock in to behave responsibly. *US News & World Report* recently called socially conscious investing one of the “hot

new trends.” Although it is not really new (colonial Quakers were screening out slavery-related investments centuries ago) it certainly is hot. A 1999 study by the Social Investment Forum reveals surprising findings: assets involved in what is commonly called Socially Responsible Investing, or SRI, now total \$2.2 trillion. This represents one out of eight dollars under professional management in the U.S. today. In just two years from 1997 to 1999, SRI assets soared by 82 percent.

This is a hefty chunk of cash, and it is growing fast. Heavy hitters like Salomon Smith Barney, Neuberger Berman, Dreyfus and TIAA-CREF now offer socially-screened

investment services. Vanguard, the \$500 billion mutual fund behemoth, just announced a partnership with the Calvert Group (who will do the social screening) to launch a Social Index Fund. Vanguard’s fourteen million investors will soon be hearing about SRI, many for the first time. Meanwhile, stalwart SRI companies like Calvert, Citizens, Domini, Pax and many others are on a rapid growth curve.

Investing with Passion

It used to be that investing was primarily the province of the wealthy elite. But now we’ve become a “Nation of Investors” as a majority of Americans are in “the market.” This challenges us to become informed and take actions that are aligned with our life’s purpose. One of the things I love about working with people and their money is that it touches our deepest core issues. Natural Investing aims to serve the whole person, helping us navigate the murky

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waters of personal finance. How to provide for us and families while staying true to our values? Is it even possible?

Natural Investing is not a one-size-fits-all solution. And it does not promise purity in a world full of contradictions. I know of no perfect investments – every company has its flaws. What it does offer is a map of the territory, guiding each of us to make decisions that balance all of our goals, financial and personal. It has taken me a long time to embrace this path. As a student in Berkeley, then working as an environmental educator and sustainability advocate, Wall Street was clearly the belly of the beast. Its profit-hungry tentacles were pillaging the Earth and impoverishing the masses.

I came across Socially Responsible Investing in the mid-eighties and regarded it with a mixture of enthusiasm and skepticism. The concept was great: directing capital away from destructive activities and towards the creation of life-enhancing enterprises. Community-based investing was especially juicy for me. I dove in with a grassroots coalition that created a community loan fund in New Mexico. But I was suspicious of SRI's involvement in the nefarious empire of stocks and bonds. How could a few "green investors" make a difference in that world? SRI was a mere sprout compared to the industry it is today. The press either ignored or attacked it, and much of alternative culture (like me) was still rebelling against the whole idea of making money.

Then in the early nineties, two events coincided that turned my career path upside down. First, the nonprofit that I co-founded for the purpose of creating a model intentional community went broke. This personal crisis taught me many lessons, including a realization of the central role that money plays in our society. Second was a surprising turn in my relationship with my father, Jack. He had recently made a big shift himself, leaving a career as a quality control engineer with the U.S. Navy to become an investment advisor. I had casually sent Jack some information on SRI, and to my amazement he totally embraced the idea. Jack started writing a column for the food co-op in San Diego, and in a short time the press turned him into a spokesman for SRI. In 1991 he hired me to do research for his first book, *Investing from the Heart*.

As I gained expertise in the field, Jack suggested that I get licensed to become a broker. This seemed ludicrous at first. I didn't see the potential of SRI to become a major player in the global economy, nor did I realize that the movement was poised for exponential growth. It took some

time, but eventually I grokked what was going on: conscientious people were beginning to get their hands on the financial levers that run our society. This was a very exciting realization. If the movement grew, we would have a strong voice in the corporate world and have the tools to create a more just and sustainable economy. I didn't have to live outside the mainstream – I could help move the mainstream!

Making a Difference with our Money

The process of infusing consciousness into capitalism is a bit like eroding a stone with drops of water. Collective action over time ultimately wears away the resistance. Witness the remarkable turnaround of Home Depot in 1999. Forest activists had spent fruitless years pressuring Home Depot (the largest seller of lumber in the world) to cease selling old-growth forest products. Then, at the company's annual meeting, shareholders activists were treated roughly by security. This became a public relations nightmare. Several weeks later, the company announced a new policy (claiming it had nothing to do with the protests) that will eliminate purchase of certain old-growth lumber and increase purchases of lumber certified to be sustainably harvested.

Victories like this are sweet, but SRI is still in its infancy. It must grow in order to gain the clout it needs to address critical social and environmental issues. Our desire to help

this happen is what prompted Jack and I to team up with Cliff Feigenbaum, founder of the *GreenMoney Journal*. We spent two years researching and writing *Investing with Your Values*, knowing that prospective investors needed a comprehensive guidebook. We thought this would be a small self-publishing venture, appealing mainly to the alternative marketplace. Imagine our shock when we were contacted by Bloomberg, the Wall

Street information dynamo! Their support is yet another sign that values-based investing is planting itself firmly in the economic landscape.

The Dalai Lama said that "as people see their predicament clearly – that our fates are inextricably tied together, that life is a mutually interdependent web of relations – then universal responsibility becomes the only sane choice for thinking people." Ultimately it is this change in consciousness that is our best hope for the future. As we learn that the inner and the outer are connected, our actions – including our financial choices – will naturally align with values that move us towards a sustainable future.



Vintage Natural Investment Services logo

How We Can Help Stop the Genocide in Darfur [2003]

by Jack Brill

Finding this article in our archives, shortly after the attempted coup in Sudan this spring, we are reminded that the human toll in resource-related conflict is real, and economic consequences can extend for decades.

The statistics are mind-boggling: 200,000 dead, 2.5 million refugees and the holocaust in Darfur continues.

Investments in oil companies in Sudan are supplying the money that supports this genocide. 70-80% of Sudan's oil revenue is being funneled into its military. Oil ventures in Sudan are an undeniable enabler of Khartoum's genocidal policy in Darfur.

There is a growing economic force currently going on to stop the violence. The Sudanese Divestment Task Force (SDTF) instituted a targeted divestment program last year. The goal is to target the worst offending companies in Sudan—mainly oil companies—either to pressure the ruling Bashir regime to stop the violence or to have the companies stop doing business in the country.

The campaign is gaining support. 17 states, 51 universities, eight cities and eight International and Religious organizations have adopted Sudan Divestment Policies for their investment portfolios. The campaign is making itself felt. Cummins and Rolls Royce have ceased doing business in Sudan and have been removed from this list. Fidelity Investments has announced a 90% divestment of their PetroChina stock

In past year's international divestment strategies have been successful. Many of us recall the Divestment campaign of the 1980's that brought about the downfall of Apartheid in South Africa. Let us all now join the campaign to end genocide in Darfur.

We at NIS fully support the work of SDTF. We have never made investments in companies or mutual funds that are Sudan-complicit. We urge all our investors to review any investments not under NIS management and divest. Call us

and we'll help you do this. Spread the word to your family and friends.



Darfur genocide survivors Sineon Hamid Sineen and his father Hamid Haji at a protest in London in 2007. Credit: Clara Molden/PA Wire URN:5141716 (Press Association via AP Images)

Community Investing after Hurricane Katrina [2006]

by Michael Kramer

Community investment is one of three pillars of socially responsible investing, alongside screening and shareholder advocacy. As natural disasters increase with climate change in the 21st century, this article illustrates why Natural Investments has always made community investing a key component of any client portfolio.

In the fifteen months since hurricanes devastated the Gulf Coast Region, we have participated in revitalizing communities by investing in affordable housing, minority-owned businesses, and redeveloping urban and rural areas torn apart by the storms.

Community development financial institutions (CDFIs) have channeled capital to low-income and displaced people who are traditionally underserved by conventional banks, providing credit to those who have insufficient income or lack credit or collateral. This assistance has been and continues to be critical for those hardest hit by Hurricane Katrina. Because the CDFIs were already in these communities, they had the



Kenneth Terry and Robert Harry of the Treme Brass Band at a dedication ceremony for homes that were rebuilt after Hurricane Katrina in the 9th Ward. AP Photo/Bill Haber

infrastructure and relationships in place to offer immediate and prolonged help throughout the recovery effort.

Natural Investments investors have invested more than \$2.2 million into this community investing initiative through two primary vehicles: CRA Qualified Investment Fund and Calvert Community Investment Notes.

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Community Investing after Hurricane Katrina [2006] *continued from page 7*

The CRAFund (ticker CRAIX), of which NIS investors currently own \$1.7 million, is the ninth largest SRI mutual fund, with nearly \$800 million in assets—\$15 million of which have been bonds supporting reconstruction during the post-Katrina Gulf Coast recovery. In September 2005, CRAFund became the first mutual fund in the U.S. to dedicate fund assets towards post-Hurricane Katrina reconstruction in New Orleans and other damaged portions of Louisiana, Alabama, Mississippi, and also in South Florida and parts of Texas where the largest numbers of evacuees relocated. Since then, CRAFund has invested \$15 million in bonds supporting reconstruction in disaster areas.

The Calvert Foundation has directed a total of \$1.6 million in affordable loan capital to five groups that are working in the Gulf Coast Region. These loans are based, in part, on investment funds raised since 2005 through the “Gulf Coast Recovery Initiative,” a Community Investment Note program. NIS investors currently hold \$525,000 of these notes.

Calvert Foundation has disbursed \$1 million to the Community Recovery Fund, partnering with Rural Local Initiatives Support Corporation (Washington, DC) and Enterprise Community Partners (Columbia, MD). They provide permanent affordable housing to working poor and extremely low-income people primarily in Louisiana, Mississippi and Alabama. Enterprise Housing provided emergency housing and support services to 1,500 Hurricane Katrina evacuees and advised the Louisiana Recovery Authority on developing a comprehensive \$8 billion housing rebuilding plan. An affiliate of the Local Initiatives Support Corporation has committed a total of \$50 million for first mortgage loan capital to support affordable housing

development in Louisiana and Mississippi, which to-date has repaired 400 homes and built another 550 homes.

Other Calvert Foundation capital placements include: Affordable Housing Resources of Nashville, TN, which worked with federal subcontractors to settle more than 2,000 evacuees in over 500 trailer homes in Baker, Louisiana, and ASI Credit Union of Harahan, LA and Community Development Capital of New Orleans, LA.

Every dollar invested in a Calvert Community Investment Note is placed in a diversified loan pool with the objective of earning both a financial and a social return. The full value of the capital is invested and then reinvested several times in low-income communities – allowing individuals to “magnify” the impact of their assets in a way that would be impossible to achieve through a simple charitable donation. Community Investment Notes fund a dynamic portfolio of loans to nearly 200 outstanding non-profit organizations in all 50 states, and over 100 countries around the world, that target the following categories: affordable housing (building and refurbishing homes for lower income families and individuals) micro-credit (loans of as little as \$50 to help the poor turn their lives around); small business loans (helping people start or strengthen job-creating and community-building businesses); community facilities (financing for local nonprofits and cooperatives, supporting healthcare, education, childcare and many other core needs in troubled communities); and social innovation capital (cutting-edge programs such as support for fair-trade farmers, innovations that protect the environment, and the promotion of independent media).

After the Financial Crisis, Reform [2009]

by Michael Kramer

Policy matters. Natural Investments has participated in public policy conversations and attended meetings on the Hill in Washington, D.C., for years and will continue to serve as a voice for fair and just financial regulations.

It’s been over a year since the fall of Lehman Brothers sparked major tremors in the U.S. financial system that rippled around the planet. Though lawmakers called for reform, much of the financial services industry remains unchanged a year later. The wholesale restructuring advocated by the social investment industry, economists, and academics has thus far been met with strong opposition from the industry, and Congress’ lack of expertise left them unable to do anything other than infuse large banks with cash.

The needed structural changes in our system remain conceptual and haven’t even been fully debated. Yes, there were calls for bonuses to be recalled and executive pay to be restricted, particularly for those institutions that accepted the bailout money, but all that money was given without use restrictions, which is likely how the five largest banks generated \$13 billion in profit in the second quarter. Executive pay has returned to pre-crash levels, and boosted by a six-month stock surge, the government has not seemed motivated to address the necessary reorganizing, decapitating, or re-regulating of banks to require prudent credit assessment and risk management procedures. Derivatives are still traded, banks don’t have to disclose what they’re doing, and there are no leverage restrictions that financial institutions and firms must maintain.

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After the Financial Crisis, Reform [2009] *continued from page 8*

Going back to business as usual should not be tolerated. In July, the Obama administration released its road map, Financial Regulatory Reform: A New Foundation, which includes both general and specific frameworks to strengthen discipline, transparency, disclosure, accountability, and regulation in the financial system. In support of this effort, the Social Investment Forum, of which Natural Investments is a member, is formally advocating these needed reforms for the corporate/investment industries:

- 1) Improved Corporate Governance: Allow board slates to be nominated by shareholders, separate the Chair and CEO board positions, and mandate shareholder votes on executive compensation.
- 2) Disclosure on Environmental, Social and Governance (ESG) Factors: Require corporations to disclose ESG information to their shareholders and the public using the Global Reporting Initiative's framework
- 3) Regulation and Oversight of all Investment Products: All investment vehicles, including hedge funds, should be required to register with and be overseen by the appropriate agency. The vast majority of over-the-counter derivatives should trade on an exchange to improve transparency of the market, increase liquidity, lower the costs to investors, and allow for the monitoring of systemic risk.
- 4) Sufficient Resources for Regulators: Regulatory bodies, particularly the SEC, need the resources and political support to succeed at their jobs, and the appropriate oversight to assess their performance.
- 5) Creation of a Systemic Risk Regulator: A systemic risk regulator must identify and reduce risks that could threaten the broader financial system, stopping institutions from creating systemic risk by growing beyond a manageable size or complexity, becoming too interconnected, or engaging in certain activities.
- 6) Better Consumer Protection: A new agency should be created to improve disclosure and regulation of consumer credit products, as well as control predatory lending and the sale of inappropriate mortgages and lines of credit.
- 7) Improve Rating Agencies: Standards for all ratings must be raised and their practices supervised by the federal government to avoid over-rating mortgage backed securities, collateralized debt obligations, and the like. Conflicts of interest, such as issuers paying the agencies for their ratings and agencies providing consulting services to the



corporations they rate, must cease. Finally, rating agencies must not be allowed to be exempt from civil liability.

The SEC just created a Division of Risk, Strategy, and Financial Innovation to research and address market trends by combining economic, financial, and legal analysis. The move should address the harmful practices and impacts of derivatives, hedge funds, and corporate governance policies, and hopefully will improve regulatory activities regarding risk and leverage rules for investment firms. In addition, the social investment industry continues to press the SEC to restructure executive oversight and compensation, in order to better assess risks taken by decision-makers. We also are supporting the SEC's proposed requirement that gender and ethnic diversity of director nominees be disclosed, and that candidate's board experience within the past five years and involvement in legal proceedings within the past ten years also be disclosed. In these unprecedented times, the social investment industry is seizing the opportunity to suggest regulatory reforms that we have long believed would protect the general public from exploitation and harm while supporting the integrity of the financial industry and the overall health of the economy. We are encouraged that the Obama Administration is actively seeking our input and adopting many of our recommendations as its own.

From Crisis to Tipping Point*

The Ceres Principles First proposed in 1989 as the Valdez Principles, after the Exxon Valdez oil spill, these ten points represent areas of focus that every responsible company needs to address:

- Protection of the Biosphere
- Sustainable Use of Natural Resources Reduction and Disposal of Wastes
- Energy Conservation
- Risk Reduction
- Safe Products and Services
- Environmental Restoration
- Informing the Public
- Management Commitment
- Audits and Reports

**Excerpted from Summer 2010 article by Hal Brill*



Call for Chevron to Pay Ecuadorian Communities [2011]

by Jim Cummings, Editor Emeritus

In July 2019 Ecuador's Waorani tribe won a landmark case affirming their right to protect their land from oil extraction. The struggles of people in Ecuador, Sudan, and North Dakota in the US highlight the near-constant threat to indigenous communities and their sacred land by the fossil fuel industry.

As over a hundred protesters hung signs and speechified outside, Chevron shareholders met this week and heard from some of their own that it's time to pay a fair settlement to Ecuadorian communities that suffered from environmental contamination near Chevron facilities. An Ecuadorian court sided with the communities and ruled they should receive \$18 billion from Chevron for cleanup and health costs; this is, not surprisingly, seen as wildly excessive by the company, which claims the entire court process was fraudulent and corrupt. Nonetheless, over twenty shareholders representing \$156 billion in Chevron stock, urged the company to settle the case, stating in their letter:

In failing to negotiate a reasonable settlement prior to the Ecuadorian court's ruling against the company, we believe that Chevron displayed poor judgment that has led investors to question whether our Company's leadership can properly manage the array of environmental challenges and risks that it faces.

Signatories include many organizations who purchase company stocks specifically in order to participate in these

discussions inside the corporate halls: Oxfam America, Catholic Health Partners, International Brotherhood of Teamsters General Fund, Mercy Investment Services, Pinnacle Investment Advisors, Unitarian Universalist Association and American Federation of Labor and Congress of Industrial Organizations.

New York State Comptroller, representing the state's Common Retirement Fund, said that it's time for Chevron to resolve the situation to avoid protracted and costly litigation, stating "It is time to face reality." Di Napoli continued, "The entire case is looming like a hammer over shareholder's heads. Chevron should start fresh with a new approach that embraces environmental responsibility ... More legal proceedings will only delay the inevitable."

In 2009, a Chevron spokesman said, "We're going to fight this until hell freezes over. And then we'll fight it out on the ice." A spokesman for Trillium Asset Management told Courthouse News that this sort of talk makes shareholders uneasy. "Do they want to go to hell with Chevron?" asked Sanford Lewis, a Trillium lawyer. Trillium has taken steps beyond internal shareholder pressure by asking the SEC to investigate Chevron's handling of the case, since most companies "self-correct" when faced with SEC investigation, and this brand of shareholder activism "helps to clean up the disclosure market," according to Lewis.

Gender Lens Investing [2013]

by Malaika Maphalala

In recognition of the crucial role women play in sustainable development, social stability, and public health, Natural Investments and other socially responsible investors have focused on building gender equality through finance.

The Economist lays it on the line: "Forget China, India, and the internet—economic growth in the next decade will be driven by women." Indeed, it's already begun, with women's incomes worldwide growing from \$13 trillion in 2009 to \$18 trillion by 2014. That \$5 trillion of growth is almost twice the growth in GDP expected from China and India combined during that period, making women the world's biggest emerging market. Even Goldman Sachs, while not my favorite authority, says, "investing in women is the single best way to reduce inequality and drive economic growth."

Gender equality in economic structures will both promote economic growth and make the world a better place.

While the World Bank wants to "make women more competitive in financial markets," it misses the vital point that financial markets need to be reframed to value the work that women are already doing. Hence the importance of a new conversation emerging in the investment field: Gender Lens Investing. Gender Lens Investing says that when we acknowledge the competitive advantage that gender inclusiveness brings to business, as well as the remarkable social and financial impacts connected to empowering women economically, we will make better investment decisions and ultimately transform our global economy.

One of the key reasons investment in women's enterprises globally has far-reaching social impact is that as a woman's earnings grow, on average 80% of her profits will flow to improve the lives of her children and family through better nutrition, health care, education, and housing. That's compared to just 30% of a man's profits. This means that

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Gender Lens Investing [2013] *continued from page 10*

investing in women has a 50% greater positive impact on primary drivers of long term, intergenerational change, and reduction of hunger and poverty.

Financing in agriculture is just one excellent demonstration of the huge disparity in access to capital between men and women. Women do over 50% of the world's agricultural work (up to 80% in some regions) yet receive just 10% of financing for agricultural enterprises. The UN's Farming and Agriculture Organization estimates that if women had the same inputs as men farmers, their yields would increase 20-30%, creating the potential to lift 120-150 million people out of poverty. Root Capital, a social investment fund and a leader in Gender Lens Investing, chose to establish the Women in Agriculture initiative in 2012. They understood that directing money toward women involved in farming would be a powerful force in breaking the cycle of poverty and hunger in rural areas of the developing world.

Intentionally working to direct financing to women meant shifting how they went about selecting their investments. Women often farm different crops than the large-scale wholesale commodities that attract most agricultural

sugar cane growers in the Ecuadorean Andean region. Their dynamic president, Cecelia Arcos, is a third-generation farmer who tends the same field that belonged to her grandmother. Cecelia and the other cooperative members had long been growing sugarcane and brewing it into a strong alcohol with a rich cultural history as both a beverage and a medicine. Through Root Capital's financing and connecting with international buyers like Dr. Bronner's and The Body Shop, the cooperative was able to secure a steady market and premium prices for their organically produced alcohol, for use in soaps, perfumes, and cosmetics. They have become the first-ever exporter of fair-trade, organically certified alcohol and their sales volume has nearly tripled in the last two years. As a gender inclusive cooperative, half of their members are women whose families are benefiting from the increase in income, and Cecilia herself has become a powerful role model for other women farmers in a male dominated society.

Beyond the outsized social impacts connected to investing in women, studies show that gender inclusiveness in business offers a significant competitive advantage. Credit Suisse reports that corporations with a higher proportion of women in top management show more successful growth in terms of operating results, employee satisfaction, public image, and stock price. By a lot. Companies with three or more women on their boards have a 53% higher average return on equity. Apparently, management made up of both sexes makes for stronger teams that are better at solving problems and spotting threats, making these companies better investment choices.

And as investors, studies show that women tend to do better than men. They consistently earn higher returns and are also more drawn to think beyond financial returns to include social and environmental values in their investment decisions. We see this clearly at Natural Investments where our client base is made up of disproportionately more women than men. Some years back, my colleague, Michael, in noting this disparity, said "I think it's because men tend to make investment decisions using their left brain, and women..."—I braced myself for the seemingly inevitable (and sexist) conclusion that women invest with their right brain, but was happily surprised when he instead concluded—"and women use their whole brain." Wow. Looking to the future, as women's economic clout grows, so will their power to shape the global economy. And by all indications, it will be a change for the better.

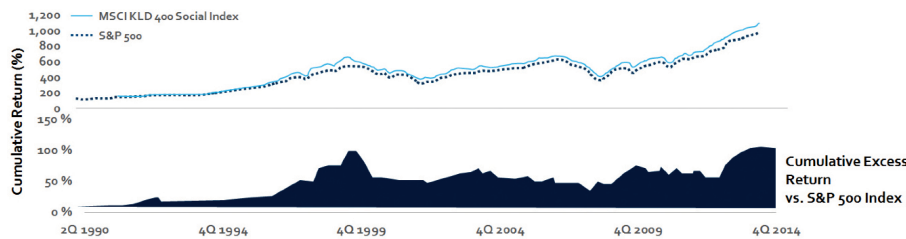


financing. So, Root Capital looked at what commodities they could be investing in to reach more women. Their initiative focuses on industries that traditionally employ large percentages of women, such as wild-harvested crops, staple food products, and agro-processing, as well as businesses led by women entrepreneurs and managers.

One of my favorite stories out of Root Capital's initiative is the story of CADO, a cooperative of small-scale organic

New Insights on SRI Performance [2015]

Figure 1 – Index Performance – MSCI KLD 400 vs. S&P 500 (July 1990 – Dec. 2014) – USD¹⁷



by James Frazier

Fifteen years after *Natural Investments* completed (and excelled in) a long-term investment study by the *New York Times*, major financial institutions continue to release research supporting SRI as a proven, effective investment strategy.

As a financial advisor focusing on Sustainable, Responsible, and Impact (SRI) investing, over the years, I have spoken with countless people that have questioned the financial performance of SRI investments. These people either believe, or think there's a good possibility, that investing in SRI means giving up some returns. In my experience, this idea is held by both those attracted to it and those who are not. Why is this? Over the years, many studies and even meta-studies (research analyzing the results of a number of studies on a topic) have shown that SRI is either positive or neutral for performance relative to conventional portfolios. Perhaps our industry has failed to get the good news out. It may also be the case that the mainstream investment industry is spreading mistruths about SRI performance in order to prevent assets from moving to SRI managers. Fortunately, a couple new reports were released earlier this year which shed some new light on this issue and strongly support our long-held belief that SRI excels in both financial and operational performance.

The new reports, *Sustainable Signals* and *Sustainable Reality*, were authored by the Morgan Stanley Institute for Sustainable Investing, and they are available for free online. First of all, it's absolutely remarkable that one of the oldest and most prestigious Wall Street firms, Morgan Stanley, has created such an institute. Of course, results speak louder than words, and it remains to be seen how effective they will be in mobilizing capital toward sustainable companies and projects. But it's a great start to release some quality research that is unabashedly positive on SRI.

Sustainable Reality dives directly into SRI performance and offers compelling findings. For example, over 64% of timeframes they examined, sustainable equity mutual funds had both equal or higher median returns and equal or lower volatility than conventional funds. It is rare and special to find

investments that can both deliver higher returns and do it with less risk, but apparently this is happening a clear majority of the time with SRI stock funds. They also found that the MSCI KLD 400 Social Index, the oldest and best-known SRI stock index, has outperformed the S&P 500 by 0.45% per year on average from its inception in 1990 through the end of 2014. This sounds like a small difference, but it adds up to a whopping 102%

difference over that period of time! Who wouldn't like to invest in SRI now (or in 1990)?

The report digs a little deeper to discover where this outperformance is coming from. Their conclusion is that the magic is happening at the individual companies that comprise these sustainable mutual funds and the KLD Index. They found that 80% of companies with good sustainability practices had better stock performance, and 90% of those companies were able to raise capital more cheaply. The authors suggest this may be because "firms that are focused on sustainability are also more likely to better manage environmental, financial and reputational risks." They have more satisfied employees and less costly turnover. They are more efficient with their energy use and operations, which directly boosts profits. Apparently, it really does pay to do good in business.

The other report, *Sustainable Signals*, studied investor perceptions of SRI through a survey of 800 investors. They found that a strong majority of 71% are interested in sustainable investing, a remarkable 58% felt they had a responsibility to do more than just maximize their own profits, and 72% believed that companies with good environmental, social, and governance (ESG) practices "can achieve higher profitability and are better long-term investments." Yet, a majority (54%) felt that they would be sacrificing returns to do so. Why the persistent disconnect? While the study doesn't offer any suggestions, I believe there's still a fairly widespread perception that the costs of sustainability exceed the benefits. Yet we know that's rarely the case.

The report offers a great deal of hope for the future. 84% of Millennial investors (aged 18 to 32) are interested in sustainable investing, and they stand to inherit control over the vast majority of our country's resources in the coming decades. 65% of respondents believe that "sustainable investing will become more prevalent in the next five years." With the population and cultural trends in our favor, and outperformance tailwinds at our back, let's hope it's just a matter of time before SRI is even more widely recognized and practiced as a superior way to invest.

Get that Oily Mess Out of My Money! [2016]

by Eric Smith

Natural Investments has offered fossil-fuel-free portfolios for over a decade. With renewable energy hitting a tipping point and climate change concerns gripping the world, we are proud to have been one of the earliest voices advocating for fossil-fuel divestment.

A rapidly increasing segment of the investment world is coming to the realization that not only is carbon pollution putting our planet's future at risk, but that the big energy extraction companies are dragging down the returns in their portfolios. Oil is not well on the energy investing front.

The fossil fuel divestment movement is coordinated by Bill McKibben's 350.org and members of US SIF (The Forum for Sustainable Responsible Investment) to encourage universities, endowments, and families to implement divestment strategies. Divestment is often implemented by selling off (or just not buying) stock in the Carbon Underground 200. CU200 consists of the companies that own the largest untapped reserves of fossil fuels. The idea is that this coal, oil, and gas needs to stay where it is to avert climate catastrophe.

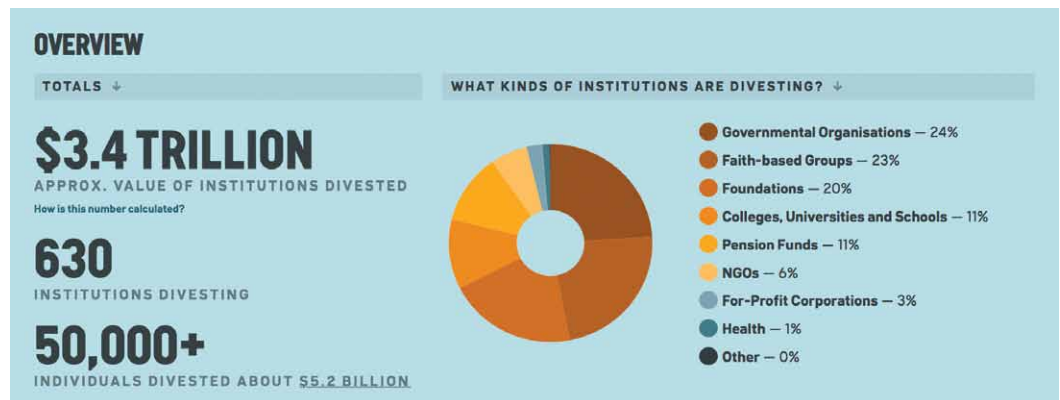
Divestment historically faced fairly stiff headwinds from money managers and trustees. They claimed that universities, foundations, and individual investors would suffer if they forgo investment in coal and oil companies that were once solidly performing stocks. Recent analyses cause us to question those claims. In fact, the new information is being taken to heart by investors. According to GoFossilFree.org, 629 institutions with a total of \$3.4 trillion have committed to full or partial divestment, including seventy colleges and universities, 128 foundations, and 111 cities and towns, and they've been joined by over 50,000 individual investors.

Divestment probably doesn't make much of a dent in the wallets of fossil fuel companies, some have asked, so why bother? Yes, but the movement is not naïve to the deep pockets of these companies.

Instead, it has its sights focused on impacting the power and reputation of the fossil fuel industry among decision makers and thereby shaping the politics surrounding energy issues. That's one of the reasons why Natural Investments portfolios typically have very low exposure to the fossil fuel industry. And when there is a company in a portfolio that has some kind of ties to the fossil fuel industry, our managers

are using high impact shareowner advocacy strategies to engage company management and other shareowners in developing plans to make a company report on its climate risk or carbon footprint or to improve their policies about sustainability and human rights. The SRI movement's efforts have resulted in successful campaigns helping reduce related risks and bolster company performance; most importantly, it's just the right thing to do.

Divestment's expected risk and return effects are being studied. A recent analysis by *Fossil Free Indexes* paints a very interesting picture: if you took the S&P 500 broad U.S. market large cap index and removed companies that are among the Carbon Underground 200, replacing them to maintain a balanced portfolio, the returns increased.



Applying these criteria over the past ten years resulted in approximately an extra 1% per year in returns. This included several years early on when the fossil fuel free approach slightly under performed; in recent years, the divestment did better than that (e.g., more than 2% a year from 2014-16). Of course nobody can accurately predict the future, at least that we've met yet, but this kind of analysis could suggest a trend.

Reinforcing these results are two more striking indications that fossil fuel investing may not be all that it is cracked up to be. An analysis by Canadian research company Corporate Knights found that fourteen of the world's largest institutional investors would have done better over the past three years if they had divested from major fossil fuel holdings and expanded investment in environmentally oriented companies they already own. The fourteen have a collective total of just over one trillion dollars in holdings, a figure that would have been 22 billion dollars (2%) higher had they divested. The Bill and Melinda Gates Foundation was especially hard-hit; it totals about \$40 billion and left \$1.9 billion (4.6%) on the table by sticking with its fossil fuel holdings.

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Meanwhile MSCI, one of the world's leading providers of financial indexes, made a simple tweak in its All Country World Index (ACWI), simply dropping 124 companies that have large reserves of oil, gas or coal on their books. The resultant "fossil fuel free" global index outperformed the ACWI in its first year (gaining 6.5%, versus 4.1%). Tom Kuh, head of ESG indexes for MSCI stressed that "Carbon is increasingly becoming a factor that investors are looking at in understanding risk in their portfolios." While it appears that fossil fuel divestment can lead to slightly higher volatility (and thus some risk for shorter-term investors), there is a larger concern about the near- and mid-term risk of "stranded assets" among oil and gas companies which are likely to have to write down unrecoverable reserves in the coming years.

These impressive performance results for divestment are in part fueled by the poor financials of classic energy companies in recent years with prices depressed by oversupply.

As Kuh notes, "The challenge for investors is to figure out whether what is going on with energy is cyclical or structural."

At the same time though, Toby Heath of Canadian research at Corporate Knights observes, "Over the next few years, many oil stocks—if not coal utilities—could jump back, but in the long term, I don't think a lot of prudent market watchers are betting that the carbon intensive sectors are going to outperform the market in general."

And that possibly marks a seismic shift for investors. It's the historic returns seen by these legacy energy companies that have fueled institutional resistance to divestment. "The energy industry of the 21st century is going to look nothing like the fossil fuel industry of the 20th," said Jamie Henn, communications director at *350.org*. "Institutions that don't change with the times stand to lose big and as this new analysis shows, they already are."

Holding fossil fuels in a portfolio may no longer confer the advantage that it once did. Recent analysis supports investors of all stripes whom want to clear the oily messes from their portfolios and consider the future of long-term energy and investment.

Divestment as a Moral Imperative [2018]

by Kirbie Crowe

Just one year after this story was published, the crisis at the Mexico border has intensified. The federal government is detaining thousands of people—including large numbers of unaccompanied children—in migrant detention camps under conditions that visiting doctors have described as torture. Natural Investments advisers continue to educate investors and encourage divestment from private prison corporations contracted by the federal government to detain people.

Few stories dominated headlines this summer like the unfolding of the family separation debacle happening at the U.S.-Mexico border. As civil and political unrest worsened in some Latin American countries, the border saw a dramatic increase of families seeking asylum. Over the spring and early summer, Immigration and Customs Enforcement (ICE) forcibly separated more than 3,000 children from their parents, per the Trump administration's "zero tolerance" policy on immigration, and imprisoned them in detention centers across the country; in combination with the surge in unaccompanied children crossing the border, the number of children in U.S. detention centers has now ballooned to more than 13,000.

News reports revealed images of solitary children, huddled under thin aluminum blankets and wailing in the cages of detention centers run by two private companies: GEO Group and Corrections Corporation of America (referred to as "CoreCivic"); both manage private prisons as well as ICE detention centers. Immigrant children held in facilities run by these two companies have complained about the denial of medical care, inadequate nutrition, and racist abuse. Medical professionals have come together to publicly criticize the policy, citing the likelihood of irreparable mental and physical damage to children who undergo the trauma of extended separation from their parents.

In response, activists have renewed long-standing calls for divestment from these companies and others that operate, participate in, and fund private prisons. The call for divestment gained traction over the summer and is now being considered by various schools, state and local governments, and businesses.

These latest calls for divestment build upon a long history of resistance to private prisons in the United States. While the earliest examples of U.S. private companies profiting from the labor of incarcerated people can be found in the late 18th and early 19th centuries, it was the latter half of the 20th century that saw the private prison industry

Divestment as a Moral Imperative [2018] *continued from page 14*

expand exponentially. In the 1980s, the “war on drugs” spurred skyrocketing incarceration rates that stressed already overcrowded federal and state facilities. In 1984, Corrections Corporation of America (now CoreCivic) was awarded a contract to assume management of a facility in Shelby, TN – the first time in U.S. history that the operation of a prison facility had been completely given over to a private entity.



As the private prison industry grew, opposition efforts did as well. Notably, Critical Resistance, a national grassroots organization founded in 1997 by activist and author Angela Davis, among others, has launched actions and campaigns across the country to protest the entire prison industrial complex – a phrase it brought to national attention. Enlace, an international racial and economic justice group, has made prison divestment a focal point of its organizing efforts since 2011 (Natural Investments has endorsed Enlace’s campaigns). The establishment of the Black Lives Matter movement in 2013 and the Movement for Black Lives in 2016 brought renewed media attention to issues such as police brutality, racial profiling, mass incarceration, and the many ills of the prison system. The Movement for Black Lives specifically includes “divestment from exploitative forces including prisons” in its platform.

The prison divestment movement gained momentum during the Obama era, when the Justice Department announced in 2016 that it was phasing out contracts with private prisons due to safety and security concerns, as well as falling prison populations (the Departments of Health and Human Services and Homeland Security, which oversee the detention of immigrant children and parents, respectively, were not affected by this order). Despite Attorney General Jeff Sessions’ reversal of this decision in February 2017, divestment efforts moved forward in various cities and

states. The boards of all five of New York City’s pension funds passed resolutions in May 2017 requiring divestment from the private prison industry, and the state of New York followed suit in July. Other city governments, including Philadelphia and Cincinnati, have stated their intention to fully divest their pension plans. Institutions of higher learning have also played a key role in the divestment movement as politically engaged students have pushed their schools to rid endowments and retirement plans of private prison investments. Columbia University divested in 2015 after pressure from a student activist campaign, as did the University of California system.

The socially responsible investment (SRI) community has also played an important role in advancing the prison divestment movement. The Investor Alliance for Human Rights (IAHR) coordinates and amplifies global investors’ voices on human rights issues and has created a guide to corporate due diligence related to family separation. Organizations that specifically target endowments, such as the Responsible Endowments Coalition, are working with educational institutions on prison divestment campaigns. As public interest grows, various

mutual fund and asset management companies are now advertising their divestment from private prison operators.

What is next for the private prison divestment movement? The immigration and family separation crisis that brought it to the forefront again this summer continues to evolve. Five hundred children—including nearly two dozen under the age of five—remain in U.S. custody without their parents, and those working to reunite them are finding that many parents have already been deported or are too fearful to come forward. Hundreds of undocumented children have been quietly moved from foster care and shelters to a sprawling tent city in a Texas desert. Meanwhile, a nationwide prison strike that lasted from August 21 to September 9 engaged incarcerated people in 17 states to protest unfair labor practices and racial disparities in the criminal justice system.

Activists are now targeting large institutions; the California State Teachers’ Retirement System, CalSTRS, is currently the target of a campaign demanding the divestment of \$13 million from CoreCivic and GEO Group. As the divestment movement gains momentum, investors and the SRI community have an incredible opportunity to effect meaningful change through divestment, shareholder advocacy, reinvestment in communities, and other strategies that make our voices heard through our financial choices.

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