

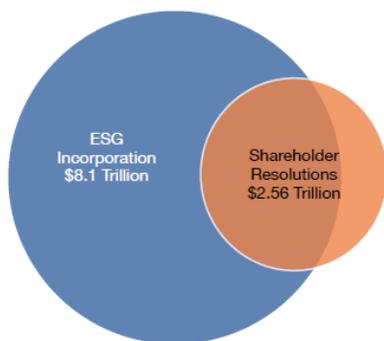
2016 Trends Report: Highlights for Philanthropic Foundations

Snapshot of US Sustainable, Responsible and Impact Investing

What the Trends Report measures

The 2016 *Trends Report* is a snapshot of US-domiciled assets engaged in sustainable, responsible and impact (SRI) strategies at year-end 2015. The report measures two SRI strategies: (1) ESG incorporation, and (2) Filing shareholder resolutions on ESG issues.

Sustainable, Responsible and Impact Investing Assets in the United States 2016



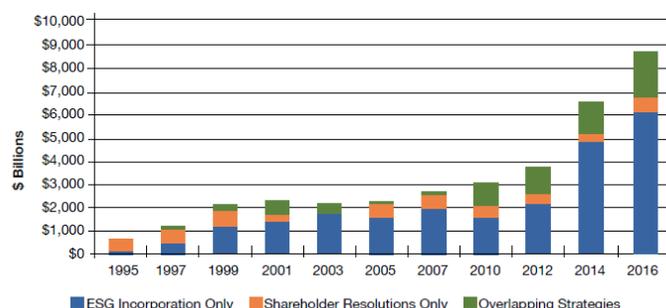
SOURCE: US SIF Foundation.
 NOTE: ESG incorporation assets in this figure include those in Community Investing Institutions.

Data from Report on US Sustainable, Responsible and Impact Investing Trends 2016; SRI assets represent nearly 22% of \$40.3 trillion in assets under professional management tracked by Cerulli Associates at year-end 2015.

33% growth over the past two years, and a 14-fold increase since 1995

- SRI investing continues to expand—now accounting for more than one out of every five dollars under professional management in the United States.
- The total US-domiciled assets under management using SRI strategies grew to \$8.72 trillion at the start of 2016, an increase of 33% since 2014.

Sustainable, Responsible and Impact Investing in the United States 1995-2016



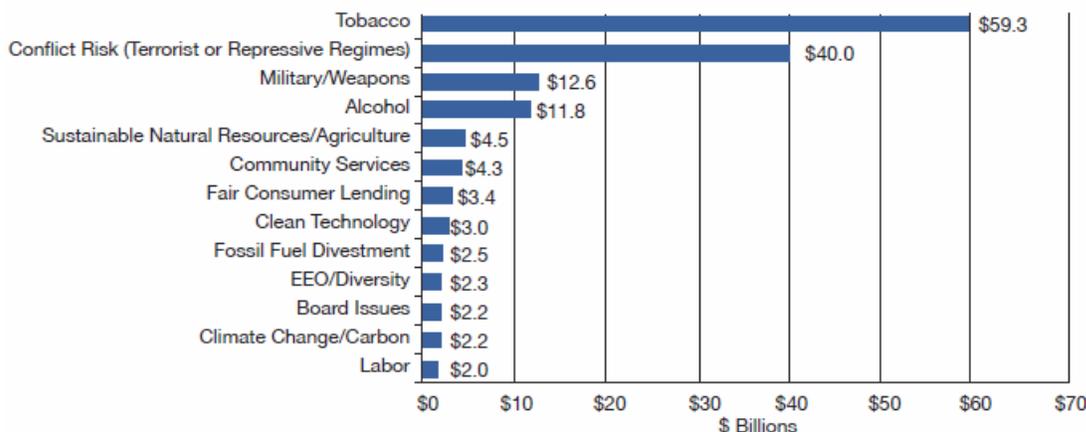
SOURCE: US SIF Foundation.

Significant Findings for Philanthropic Foundations

- A small but growing number of US foundations are investigating or pursuing sustainable and impact investing. They are embracing the notion that in addition to making grants, they can employ investment and shareowner strategies across their assets to help achieve positive societal outcomes and targeted financial returns.
- The US SIF Foundation identified over 100 foundations in 2016 that apply one or more ESG criteria to \$64 billion in assets collectively.
- In asset-weighted terms, foundations placed less emphasis than in 2014 on restricting investments in companies associated with tobacco, alcohol and gambling, and greater emphasis on a number of other ESG criteria, as described below.
- The top four issues in asset-weighted terms for foundations now are tobacco, conflict risk countries, alcohol and military/weapons.
- Assets affected by criteria relating to sustainable natural resources and agriculture increased 67 percent, from \$2.7 billion in 2014 to \$4.5 billion in 2016, moving it into the top five ESG criteria foundations consider.
- Other prominent environmental issues are clean technology, affecting \$3.0 billion, fossil fuel divestment (\$2.5 billion) and climate change and carbon issues (\$2.2 billion).

- Foundations in 2016 earmarked or evaluated \$4.3 billion of their assets to support the provision of services for low- and moderate-income communities, including childcare, education and healthcare. Fair consumer lending followed with \$3.4 billion.

Fig. 3.11: Leading ESG Criteria for Foundations 2016



SOURCE: US SIF Foundation.

- Some foundations apply ESG criteria across all or a portion of the endowment corpus in order to support their missions, broader social responsibility goals or fiduciary duty. The 100% IMPACT Network of Toniic Institute specifically supports a membership of foundations and other accredited investors who have committed 100 percent of their assets to positive social and/or environmental impact.
- Divest/Invest Initiative, a campaign for foundations committing to fossil fuel divestment, has also spurred the interest of many foundations in applying sustainability issues within their endowment. As of August 2016, 150 US and other foundations with \$5 billion in assets had signed on to the initiative.
- Other networks and resources for foundations involved in the various forms of sustainable and impact investing include Confluence Philanthropy, Council on Foundations, Exponent Philanthropy, Mission Investors Exchange and The ImPact.

About the 2016 Trends Report

The US SIF Foundation's biennial *Trends Report* provides extensive data on the assets using one or more sustainable investment strategies and examines a broad range of significant ESG issues such as climate change, human rights, weapons avoidance and corporate governance.

This report is the only report of its kind in the United States and is extensively used by other institutions and organizations. To obtain a copy, visit www.ussif.org/trends.

About US SIF

US SIF: The Forum for Sustainable and Responsible Investment is the leading voice advancing sustainable, responsible and impact investing across all asset classes. Its mission is to rapidly shift investment practices towards sustainability, focusing on long-term investment and the generation of positive social and environmental impacts.

The US SIF Foundation undertakes educational, research and programmatic activities to advance the mission of US SIF.

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