

Socially Responsible Investment Portfolio

For the past several years the Maine Community Foundation has offered an investment option that excludes investments in companies that engage in certain types of business activities. This socially responsible investment option is available to all fund holders on an opt-in basis.

In the fourth quarter of 2014, a fossil fuel screen was added to the socially responsible investment portfolio. The addition of this screen altered the asset allocation and investment strategy of the existing socially responsible portfolio. The portfolio, which is managed by F. L. Putnam, has a target allocation of 70% equities and 30% fixed income. The fixed income allocation includes screened corporate bonds only and does not include U.S. Treasury bonds. The portfolio's global mandate includes screened American Depository Receipts (ADRs) only.

Since new screens were added to the socially responsible investment portfolio in late 2014, no meaningful investment data will be available until the portfolio is fully invested and comparative performance figures are available (approximately three years).

The Maine Community Foundation's socially responsible investment portfolio is managed to conform to the following environmental, social and governance guidelines:

Environmental Factors

- Toxic emissions – excludes companies cited by the Environmental Protection Agency (EPA) as doing material damage to the environment
- Environmental opportunities – preference given to companies whose business activities are focused on environmental improvement or management (e.g., clean energy, energy efficiency, green building)
- Excludes top fossil fuel reserve holders per 350.org and *all* members of the Russell 3000 Index's Energy Sector.

Social Factors

- Supply chain labor standards – excludes companies with records of controversies related to the treatment of workers and/or lack or have inadequate management systems to monitor supply chain compliance
- Sourcing – excludes companies that source from, or sell into, controversial regimes (e.g., Sudan, Iran)
- Employee health and safety – excludes companies with a record of poor employee health and safety standards

- Excludes companies involved in the production or distribution of alcoholic beverages and/or tobacco
- Excludes companies involved in researching and/or producing genetically modified foods
- Excludes companies involved in the research or production of conventional weaponry
- Excludes companies involved in the research or production of nuclear, chemical or biological weapons
- Excludes companies that own or operate gambling facilities, produce gambling equipment or provide any gambling-related services
- Excludes companies that own or operate facilities generating nuclear energy.

Governance Factors

- Business ethics practices – excludes companies with historical involvement in bribery, tax evasion, accounting irregularities, and the like, with preference given to companies with policies in place to ensure management best practices.

If you are a fund holder and would like to have your fund invested in this portfolio, please contact your Maine Community Foundation staff contact.