

Presentation to Sustainability Practice Network  
October 6, 2004

**The Socially Responsible Investing Committee  
of the New York Society of Security Analysts**

Before I tell you what we have planned for this year, I would like to tell you a bit about our recent history—where we have been and where we stand in the universe of SRI organizations. As the SRI Committee of the NEW YORK Society of Security Analysts, we are, ironically yet quite understandably, at the fringes of the SRI universe even though we are located at the center of the traditional financial world. The pioneering and generally retail-focused SRI financial institutions and related NGO's emerged for the most part—though not 100%--outside New York. This challenging condition is reflected in the fact the our current Committee was revived just three years ago after a hiatus of a couple of years following the demise of our predecessor organization. The nature of the impulse to reconstitute ourselves tells us a great deal about both the ongoing challenge to SRI and the positive way it and the world have changed. That impulse was twofold: from persons representing a retail interest (the historical core of SRI) and those working within traditional financial institutions (especially Citigroup) mainly in social research functions. And the composition of our committee reflects that dual reality. We have about 30 plus Committee members, making us, I assume, the smallest committee of the NYSSA, which in total has over 9,000 members. We accept the fact that a key obvious factor in our fringe status is that the corporate clients of Wall Street do not accept SRI; and so certain issues are not discussed and researched in the mainstream world.

But we also realize that times have changed and that there is new organizational experience as well as investment data that have legitimacy and can be discussed. In addition, there is more acceptance of certain issues—especially environmental ones; there is more discussion of the nature of reporting on the part of companies; there is hopefully more than at least a temporary window of opportunity provided by corporate and financial industry scandals; there is a push to link SRI and Corporate Governance; there is increasing academic work and interest, including here in New York; there has been a long-term and growing activity on the part of the UN in conjunction with the traditional and long standing SRI financial institutions; and there is currently a more active public presence promoted by political figures in New York and Connecticut. In short, it is more difficult to easily dismiss SRI as an investment tool.

And so our Committee realizes that with more experience and data and as a politically astute strategy, we must focus our major programming on our NYSSA constituency of portfolio managers and analysts. By major programming I mean the two-hour panel discussions we have which we hope will attract a fair number of the mainstream members of NYSSA. In these venues we realize that we cannot host meetings which focus on specific social or environmental issues in an advocacy sense. We need to frame the issues as investment matters where we have common interests with the larger investment community. These panels include corporate representatives, analysts, portfolio managers, and institutional investors. We seek to demonstrate the particularities of the daily practice of SRI investing: how is it done? And what kinds of results can be expected? A few of the programs we have had in the past few years embraced the issues of climate change; international environmental, social and political risks for corporations; the

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equator principles; and, just last May, the quantification of social and environmental factors for the portfolio manager.

Now, before mentioning what is upcoming in this regard, let me say that we also tend to the choir. We have events which are aimed at the committed and the practitioners. And so we have about every two months our “breakfast club” meetings, from about 8:00 to 9:30 in the morning, to which we invite practitioners to discuss the kind of work they do. The range is broad. Some examples of the recent past include: Jeffrey Hollander, a pioneer in corporate social responsibility and the founder of the Vermont-based company Seventh Generation; Michelle Chan Fishel (Friends of the Earth); Matt Orsagh (analyst at Governance Metrics International, here in NYC), Dory Gasorek (analyst at Ratings Research, a reputation research firm in NJ), Peter Wall (formerly of the Financial Times Stock Exchange Corporate Responsibility Index—the FTSE4Good), Kathy O’Connor (equity analyst at NY Life Investment Management), and Steve Viederman (pioneer in bringing SRI concepts to the foundation world).

So, what is upcoming? I have a two-part answer. First, there is a program which is more potential than reality, but worth a brief mention nonetheless. We have created an agenda for an entire one-day conference with a target audience to include money managers, analysts, public and private funds, faith-based funds, endowments and foundations, and investment consultants. Panels would address the quantification of social and environmental factors in the portfolio modeling process; portfolio risk management in relation to non-financial factors; and the actual and potential range of SRI investment vehicles beyond traditional equity investments (eg., community investing, microfinance, venture capital, private equity, and products in the international markets).

The second part of upcoming events has to do with imminent panel presentations. We had a committee meeting last week. Here are some of issues we thought were important: SRI product innovation, revisiting the Equator Principles, learning from risk analysis performed by the insurance industry, nanotechnology, corporate reporting, European SRI mandates, and market-based solutions to social and environmental issues (eg., the Chicago Climate Exchange). We decided that this year we would focus on three issues: risk analysis in the insurance industry, uncovering potential corporate liabilities, and SRI product innovation and alternatives. We will present the insurance panel first (date to be selected from either December 6, 7 or 13), from 5:30 to 7:30 p.m., wine and cheese reception, probably at the Harvard Club. The basic idea will be this: the insurance industry may be seen tactically as a catalyst for promoting SRI/CSR change; also, its research is often at the cutting edge in terms of issues and techniques. What can we learn from and how can we use their expertise for the purposes of investment research and portfolio management? The precise focus and speakers are being determined.

- Tony Ginsberg, Security Analyst, Member of the SRI and Corporate Governance Committees of the NYSSA