

## Introduction

Thank you for downloading Raffa's Sample Values-Based Investing Survey. This sample survey is intended to give you an understanding of how to engage volunteers to gain consensus on your organizational values and whether those values should be incorporated into your investment program. It's meant to be a starting point for conversations nonprofits & associations should have with your Investment/Finance Committee, Board of Directors, executive staff, and investment adviser. We hope you find this sample language helpful as you tailor it to your unique preferences, needs, & goals. Want to learn more about Raffa Investment Advisers or ready to work with an adviser that knows you? Reach out to us today!

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## About Raffa Investment Advisers

Raffa Investment Advisers is an investment adviser created specifically to serve the investment and fiduciary needs of nonprofits and associations. Our mission is simple: to enable nonprofits and associations to confidently further their impact with a no-surprises, mission-aligned investment strategy.

About Raffa Investment Advisers:

- Created specifically for nonprofits and associations. We know this community, inside and out – and we're driven to meet your unique needs.
- Provides comprehensive investment advisory services for 140 nonprofit and association clients.<sup>1</sup>
- Provides investment consulting and advisory services for \$1,695,916,562 in assets.<sup>1</sup>
- Seven principals and professional staff (combined) with approximately 15 years of financial services experience each, on average.<sup>2</sup>
- Accountable to you. As an investment adviser that is independent of any bank or broker, we sit on your side of the table – embracing our role as a fiduciary and advocating for you.
- Founder of SONI, the Study on Nonprofit Investing – a peer benchmarking survey of nonprofit investment policies and results.

Learn more about us at [www.raffaadvisers.com](http://www.raffaadvisers.com).

<sup>1</sup> Data as of 12/31/2023

<sup>2</sup> Visit our website at [raffaadvisers.com](http://raffaadvisers.com) to learn more about our principals and professional staff

## Sample Environmental, Social, and Governance (ESG) Investing Survey

Sample Client had previously made the decision to use Environmental, Social, and Governance (ESG) focused investments to align its values with its investments. The following questions seek to find a consensus amongst the Finance Committee as to if Sample Client's values are to continue to be reflected in its investments and to what level the Finance Committee wants to restrict investments.

By placing restrictions on the allowable investment universe, investment diversification is reduced which may lead to periods of time when performance results may deviate significantly from a benchmark return (tracking error). We believe over long time horizons investing with an Environmental, Social, and Governance (ESG) focus using diversified investment vehicles will perform in line with market indices.

Please keep these issues in mind while completing these questions.

1. An investor can choose to invest in two ways. Directly, by buying securities issued by the company on the open market, or indirectly through a mutual fund or exchange traded fund (ETF) where a manager purchases securities as holdings of the fund.

So long as no direct investment is made in sectors or industries that conflict with Sample Client's values, do you feel it's acceptable for Sample Client to allow indirect investment through mutual funds or ETFs in companies that may conflict with Sample Client's values?

- I do not think Sample Client's values should be reflected in its investments.
  - Yes, I would just like to avoid direct investment. I am comfortable with indirect investment in companies that may conflict with Sample Client's values.
  - No, some effort should be made to restrict even indirect exposure to sectors or industries that conflict with Sample Client's values.
2. There are low-cost mutual funds and ETFs that seek to track the broad markets while emphasizing or restricting investments based on ESG criteria. Which of the following descriptions of three popular mutual fund and ETF screens for ESG most closely aligns with your understanding of Sample Client's values.
    - A fund that has a social screen. They typically exclude stocks that are categorized as falling into any of the following areas: abortion, contraceptives, adult entertainment, child labor, gambling, landmines and cluster bombs, stem cell research, tobacco, alcohol and weapons.
    - A fund that has an environmental, social and governance screen. They typically exclude companies due to their involvement in tobacco, weapons, nuclear power or the coal power industry. They then score all companies on a variety of factors including: anticorruption,

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corporate governance, climate change, water use, biodiversity, pollution, health and safety labor standards, human rights and customer responsibility. Those companies that score below a certain level are excluded from investment and those companies that score well are emphasized.

- A fund that has a sustainable focus seeking to promote environmentally friendly companies. The fund ranks each company within each sector against each other. The most environmentally friendly companies based on characteristics such as carbon intensity, climate change solutions users, carbon reporting, toxic emissions and waste management, environmental management, pollution prevention, recycling and environmental initiatives are given the highest overweight, while companies that have lower scores are underweighted and the least environmentally friendly companies are excluded from the fund.
  - A fund that excludes tobacco but has no other screens.
  - None of these definitions are adequate. Sample Client should restrict investment specifically in the sectors or industries that conflict with its values. This would involve investing directly (through a “separately managed account”) in only those areas that do not conflict with Sample Client's values.
3. Please list out the specific companies, sectors, or industries you would like to avoid any direct or indirect investment in.