**ESG:  Moving Beyond Theory to Practice:  ESG and Sustainable Investing Frameworks and Best Practices**

David Greenwood -Becker Capital (formerly of Verus) Sonia Ruiz- RVK (just appointed Head of Sustainable Investing) Evan Witkowski-Wespath (United Methodist Church)

Claudette Grant-Moderator

**Wespath**:  Caring for those we serve within Methodist Church.  ESG goes hand in hand.  Invest, engage, and avoid.  Spend least amount of time on avoid.  Invest-passionate about and an example is through affordable housing.  Spend most time on engagement with publicly traded companies.

Outperformance with ESG?  Don’t focus on that-get started.  You need to begin somewhere.  There are passive strategies.  You are not sacrificing returns for exclusions over long term.

Understand where managers are evolving and find common ground.

Created a climate focused investable action plan - in conjunction with BlackRock, called Transition Ready framework.

**RVK**:   Firm determined we need someone to be actively involved in ESG.  She now leads their Sustainable Investment Solutions Group (SISG).  Work together with the consulting teams to review asset managers for ESG integrated or impact investing.  Need to align values with investment policy and the mandates.

Need to understand where managers are. And then measure progress.  Developed an ESG questionnaire.  First year is base line from which progress and commitment are measured.  Second year questionnaire:  Tease out areas they don't understand, or canned answers.  Now year 3 it will be 7 managers that they will look at promotion metrics, diversity implementation.   Questions will become more and more difficult as bar is getting higher and higher.  Turning up heat on managers.

Should not give ESG a backseat to alpha.   Don't invest without knowing what your benchmark will be as that will determine outperformance.  Should have alpha at top of mind.

Impact is additive and cumulative; an example is low- income housing.  Does not retreat it builds upon itself.

How do you authentically represent strategy?  Need to build trust with RVK and clients.  It is OK to say you failed, fixed it, and moved forward.

Greenwashing is real.  Consultant issue-throw out the weeds to get to the real ESG manager.

Education still needed.  Need to have a climate panel, diversity panel, proxy voting, etc.  ESG was just a way to get there. ESG is so broad.  Right now, she is working with 3 different clients wanting deeper dive or proxy voting and evaluate and determine if index providers have too much power on voting.

ESG-created conversation about issues; and now conversation has shifted to, do you have the right strategy?  Strategies have not gone through an entire market cycle.  Current market environment slowing progress toward ESG focused allocations-fear of greenwashing and being hoodwinked.  Want slow drip into authentic strategies.

**Becker**:  Firm provides solution for clients seeking impact through investments.  Created Impact Framework which focus areas of investing:    value driven- environmental, climate, human rights, and DEI. Direct impact strategies-affordable RE, environmental are examples. Capital will catalyze change.  Might give up liquidity.

Do you give up alpha? Y and N.  Certain strategies might give up alpha to drive more impact. For example, you might take a lower rate on a loan for impact.

ESG -good factors we should all know.  Stakeholder approach.  U understands value better, improves analysis.  Authentic representing degree of implementation transparency.  Don't overstate.

Greenwashing-everywhere.  Managers are doing best to represent their ESG integration in the best possible light.  On us to solve for that.  Need to understand what they do and what they don't do.

Where is ESG going?  Education 101 conversations.   Engage in conversation with clients on what ESG means to them.  Getting to know the client and what matters to them and degree of seriousness and what they will tolerate.

Already had clients that implemented full impact portfolios across all asset classes. Full wholistic integration.