



UNITARIAN
UNIVERSALIST
ASSOCIATION

UUCEF Investment Selection & Screening

July 12, 2021

uua.org



UUA Board's Role in Investment Governance

- Board responsibilities:
 - Appoints Investment Committee and SRI Committee
 - Approves Investment Policy and SRI guidelines
- Investment policy authorizes the IC to interpret and implement the Investment Policy, establish guidelines, targets and asset allocation, and report regularly to the board.
- IC and SRIC have duty to investors in the UUCEF to follow our guidelines and established processes in making investment decisions.



Current Work of IC/SRIC

Three sub-committees are at work in:

1. Rewriting the Investment Policy Statement (IC Guidelines), an agreement between an investment manager (the UUA) and UUCEF investors that addresses investment goals, risk tolerance and asset allocation, among other topics.
2. Enhancing our Community Investing program. Growing the portfolio from 1% to 5% of the fund requires larger investments and better use of staff and volunteer time to conduct due diligence.

Developing an RFP to identify a consultant to provide Racial Justice Investing training and help with assessing and selecting future CI investments.

3. Operationalizing Screening Data in support of the 2020 Business Resolution on incorporating Human Rights in Investment Decisions.



Current Investment Screening Approach

- Screening is as much art as science
- (Lack of) data is often a limiting factor
- Various providers can draw different conclusions about the same company
- Investment screens are a way to operationalize the UUA's SRI Guidelines, which are often written in a way that is subject to interpretation:
 - Ex. "UUCEF seeks to avoid investing in companies that show a below-average record of environmental performance and/or are responsible for significant environmental damage."



Screening

- Exclusions based on product involvement (weapons, tobacco)
- Possible exclusions based on controversies
 - Controversies rated from 1 (low) to 5 (severe)
 - Criteria on controversy scores to flag companies for review vary
- Positive screen identifies bottom 10% of each industry for additional review and possible exclusion
- Process vs. Outcome
- Precedent for manual exclusions
 - Enbridge, Motorola Solutions, HP Inc.