

**Towson Unitarian Universalist Church
Board of Trustees
December 16, 2020 Meeting Minutes**

Date/Time:	7:30 pm
Meeting:	Board of Trustees Monthly Meeting
Participants:	Patty Barry, Angela Castillo-Epps, Wendell Finner, Andrew Hager, John Mattingly, Rev. Clare Petersberger, Susan Riggs, Sue Royer, Samantha Saalfeld
Absent:	
Guests:	John Barry, Steve Finner, Marilyn Maze
Location:	https://uuma.zoom.us/j/96450829649 Meeting ID: 964 5082 9649 Password: 141540
Next meeting:	January 20, 2020

Pre-meeting Action Items:

Activity	Owner	Target Date
These action items are to be completed before the meeting. Often, they are related to consent agenda items, which are items for which there is no discussion unless a member has a question concerning them.		
Read and provide revisions of minutes from previous Board meeting	All	12/16
Read reports	All	12/16
Read draft Communications Policy	All	12/16

Scheduled Agenda:

The meeting convened at 7:30

Chalice Lighting	Rev. Clare
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Go-Around Question	All
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Consent Agenda	Owner
Approve minutes from the November Board Meeting	Susan Riggs
Accept Minister's Report (Appendix 1)	Rev. Clare Petersberger
Accept President's Report (Appendix 2)	Sue Royer
Accept President-Elect's Report (Appendix 3)	Andrew Hager
Accept Treasurer's Report (Appendix 4)	Wendell Finner
Approve draft Communications Policy	Rev. Clare (A-Team)

Discussion Agenda	Presenter
<p>Sue Royer asked the Board if any items need to be moved from the consent agenda to the discussion agenda.</p> <p>We removed the draft Communications Policy from the consent agenda. See Discussion Agenda Item #4 – A-Team</p>	Sue Royer
<i>Agenda Item #1 - 30 minutes</i>	
<p>Report from the Endowment Committee (Appendix 5)</p> <p>John Barry reported. The snapshot of investment holdings was sent out earlier today. He spoke about socially responsible investing, the UU Common Endowment Fund (CEF), and some funds to look into. The UN has recommendations that we have followed in the past, in the least expensive way, which is the FTSE fund. The UU CEF fund yield is less than the equity fund because it is a more conservative fund. John thought we could stick a foot in that fund, to start with. He thinks it is allocated reasonably. What % cushion should we have? Sue also pointed out that we can now take out up to 5% per year (up from 4%), due to the new Bylaws. John thought we should increase the amount we have in cash, at least a bit. Sue asked if the committee has discussed bonds. John said no, because bonds are not earning much right now. Increasing our cash position would be what the committee recommends. Sue asked the board: What are our thoughts about cash, and on socially responsible funds, and the UU CEF? Samantha said socially resp. could be increased a bit, potentially including the UU CEF fund, to diversify. Angela: agrees with Sam. Wendell: has issues with what we have done. UN guidelines had him questioning things. When he looks at our holdings, we are not avoiding social irresponsible funds. 3% of our money should not be invested in warfare. Some of our socially responsible money is outperforming the regular funds, so we should increase it. Do we have enough cash to deal with a downturn? Wendell thinks we should have no warfare funds or non-renewable energy. John responded with stating that we could get an index fund that gets us out of non-renewable energy. We could increase our Vanguard fund to accomplish those goals (Socially responsible). Patty said she doesn't like the high admin costs of the UU CEF fund, we should pursue other options. John Mattingly supports both suggestions that John Barry recommended, moving \$ to increase socially responsible and increase cash. Susan Riggs, increase socially responsible funds, through Vanguard. Andrew said the same. Rev. Clare, thinks we should remember that we have church members who are members of the military, so we need to be careful. Angela believes in supporting veterans, and thinks we need to know more about what that money is used for. Mainly defense contractors. Wendell looked at that. Steve said that veterans' services are not a part of the defense industry.</p>	John Barry, Chair

Discussion Agenda	Presenter
<p>Sue Royer said she wants an increase in socially responsible Vanguard fund. She also said she still likes the UU Common Endowment Fund, and not in favor of going to more than one new fund due to complexity. The more we diversify, the more administrative costs we encounter, and it's difficult for us when our Board members change (needing to get new signatures). John pointed out that some of those funds can be purchased through our existing Schwab account. She does not like Blackrock funds. Sue summarized our discussion: move \$100,000 from Vanguard 500 Index Fund to the Vanguard FTSE Social Fund, and \$45,000 out of Vanguard 500 Index Fund add to our cash. John suggested we do that tomorrow to take advantage of today's market. We tabled discussion about putting funds into the UU CEF for a future discussion.</p> <p>Decisions:</p> <ol style="list-style-type: none"> 1) move \$100,000 from the Vanguard 500 Index Fund to the Vanguard FTSE Social Fund. 2) Move \$45,000 from the Vanguard 500 Index Fund to cash. <p>John Mattingly seconded Sue's motion. Unanimously passed. Wendell will carry it out tomorrow.</p>	
<i>Agenda Item #2 – 30 minutes</i>	
<p>Report from the Membership Committee</p> <p>Patty Barry talked about the soul seekers meeting they had, only one person came, and she said they will have another session in January, for people seeking a stronger connection with our church. We are still getting visitors on Sundays. Patty has been working with Kai on counting members, for the UUA Certification. She is also working with Carol Horst on our phone calling with fragile members. For people we aren't seeing a lot, it might be because they are not feeling comfortable with Zoom, so they are sending physical cards out to some people. Looking ahead, the committee will continue after the January orientation meeting, and also looking to develop a shorter brochure with a list of our programming, not just theology. It's challenging to talk about membership when we are only virtual. Families are concerned with how much time their kids are on Zoom, so Angela is incorporating physical activity during YRE.</p>	Patty Barry, Chair
<i>Agenda Item #3 – 15 minutes</i>	
<p>Preparing for UUA Certification</p> <p>Sue Royer sent out the forms we need to complete each year. We have the data we submitted a year ago, but not the forms yet. Listening devices should be better, because Sue Shankroff has been looking into improving the devices, but it got stopped when COVID hit. The Financial component will be done by Wendell and Raly. Attendance: Patty. Wendell and Patty on non-member friends. We've been keeping stats on Zoom attendance, but not how many</p>	Sue Royer

Discussion Agenda	Presenter
<p>people are on each device, and Joyce will know the YRE numbers. There are questions on congregational diversity: Patty: diversity of members; Staff and Board: Sue and Clare. Programming that we got from the UUA, Clare and Sue. Hopefully, we will be able to look at the first draft prior to the January Board meeting. Due by Feb 3.</p>	
<p><i>Agenda Item #4 – 30 minutes</i></p>	
<p>A-Team Report Clare shared progress against the A-Team goals:</p> <ul style="list-style-type: none"> • Conduct environmental health study of TUUC and take results and proposal for remediation to the TUUC Board • Review and submit to Board the following operational policies: <ul style="list-style-type: none"> - Communications and Social Media Policy - Safer Congregations Policy - Building Use Policy • Support the Gunpowder Conservancy Micro Bio Retention water remediation project <p>Environmental evaluation of building will be done. The building seems to have a problem with flying ants. The results of the environmental study should be available early in the new year. No changes suggested for the Communications Policy that Clare distributed, other than it references a PR policy, which we don't have. Wendell questioned how much is really necessary at this point in time. Phil is good at social media, so doesn't seem to be overburdened. Should we be on Instagram? Is Facebook enough? We approved the Communications policy unanimously.</p>	<p>Rev. Clare</p>
<p><i>Agenda Item #5 – 15 minutes</i></p>	
<p>Planning for the Board Auction Event – Party Games on Zoom Mark your calendar – Saturday, Jan 16, 2021, 7 pm – 9 pm 3-person team to plan for the event? Team will be Sue Royer, Patty, Andrew, Sam, and Susan</p> <ul style="list-style-type: none"> - Game ideas (Bingo, Pictionary, scavenger hunt) and flow - Contents for baskets, order, assemble, deliver Sam and Susan - Communication with guests, set up Zoom, ... 	<p>Sue Royer</p>
<p><i>Agenda Item #6 – 10 minutes</i></p>	
<p>Agenda items for the next Board meeting</p> <ul style="list-style-type: none"> - Start joint ministry evaluation, Church As Employer, Treasurer's Report, Stewardship Plans - Need volunteers for chalice lighting, Threshold article and Process Observation 	<p>Susan Riggs</p>
<p>Process Observation Report Wendell reported.</p>	<p>Wendell Finner</p>

Having no further business before it, the meeting adjourned at 9:27 pm.

Key Dates:

Open Question Listening Session Sunday, Jan 24, 2021 with the Congregation

Sunday June 13, 2021 Annual Congregational Meeting

Appendix 1: Minister's Report

Since my last report....

WORSHIP

On November 15 we did honor the Transgender Day of Remembrance with the story of Miu Lan; resources from TRUUST, the music of Judi, Tracy, and Liz; with a reading of the names of trans people killed in the past year, and with the hope that through our continued witness and advocacy--- someday there will not be the need for this ritual.

On the Sunday before Thanksgiving, we revisited the first Thanksgiving story from the perspective of the Wampanoag tribe. Am grateful to Kathy Ramirez for working with SURJ to get more accurate information for our Territorial Acknowledgment; to Joyce for the Time for All Ages and to Tracy, Patty, and Spice for special music.

On the Sunday after Thanksgiving, I attended the uplifting worship service conducted by Steve Finner on music that heals us. There was such breadth and depth to this service!

On the first Sunday of December, we lifted up stories of angels at this time of year and specifically how their messages promise new life. We were graced by the angelic voices of Judi, Tracy, Lelane and Andy.

This Sunday, we will be considering signs and wonders and celebrating Hanukkah.

On December 7, I conducted a Vespers service with a focus on Advent.

This coming Friday, I will be conducting, with Tracy, a Blue Holidays service for people for whom these December holidays are not joyful.

Am also working on the service on stillness and Solstice for December 20; a family gathering for Christmas Eve to share favorite holiday ornaments; and a traditional Christmas Eve service.

I met with the Lay Worship Associates. Vespers will continue through December and into January. Dominique will be leading the service after Christmas.

I attended a Soul Matters collegial virtual meeting to brainstorm ideas for worship on the theme of imagination in January.

I wrote a newsletter column for December.

PASTORAL CARE

I have had 12 pastoral calls. Lay Pastoral Associates met in November and December. We are pleased to welcome George Harrison and Ann Beezley as new Lay Pastoral Associates. During our December meeting, we reviewed training information The Rev. David Pyle had offered a couple of years ago for Lay Pastoral Associates.

ADMINISTRATION AND PROGRAMS

A-Team

The A-Team has met once since our last Board meeting and will be meeting again on Thursday.

We thanked Todd (and Janet Schollenberger) and celebrated completion of Bio-Retention Wall. Kai has put together photos for website. We approved using photos to request contributions to TUUC Building Fund.

Todd reported that the tree work went well and that there would be no Black Friday work party.

For the environmental study, we approved testing the air in the Meeting Room, Admin Office, RE Office, and Outside; conducting a carpet Bio-tape test in the Foyer, Meeting room, Admin Office, and RE Office for a total cost of \$2,395.00. Todd will contact company to ask about how to pay and to schedule.

We discussed cleaning policy and schedule. Ms. Fifi cleaned on Nov. 30.

We celebrated how well the auction went! It was so much fun and TUUC raised \$15,000! Kudos to the Diamond Jubilee Auction Team for such a fun spirit raising and fundraising event!

PROGRAMMING

Writing As A Spiritual Practice met on November 20 with a prompt by Gail Ranadive exploring an image in nature (animal, vegetable, or mineral) that describes who we are. We met on December 4 with a prompt on what we love (which leads to gratitude.)

Coffee With the Minister met on Nov. 17. The Dec. 1 time did not get pre-scheduled with Zoom. And the Dec. 8 time had one Meeting ID on my computer and a different one on the TUUC calendar. In spite of this challenge, three people attended. Kai and I have worked through the snafu.

Soul Matters Sharing Circle met on November 24 and Dec. 8. Art and I continue to facilitate one break out room. Patty Barry and Anita Cox facilitate the other.

Alas, no one attended the spiritual seekers meeting organized by the Membership Committee meeting on November 15. But I did get to catch the end of Matt and Kat's wedding!

I started the December Book Club meeting on my Zoom account.

I talk to Tracy, Kai, and Joyce at least weekly. The staff met as a team on November 18th and will be meeting next week.

There have been no further disbursements from the Covid Care Fund.

COMMUNITY

On Dec. 7, I participated in a virtual meeting of the Anam Cara Clergy group for spiritual deepening.

I participated in a Zoom call about Planned Parenthood of Maryland.

I participated in a separate Zoom call about Planned Parenthood Federation of America.

DENOMINATIONAL

On December 2, I met virtually from 10:30-noon with the Chesapeake Unitarian Universalist Ministers Association for worship and a follow-up program on trauma.

Respectfully submitted, Rev. Clare, 12/9/2020

Appendix 2: President's Report

Programs & Ministry

Organized technical ushers and assisted with ushering for Sunday services. Attended several programs, including the amazing virtual action, vespers, and the program on East Towson. Participated in monthly meetings of the Social Action Committee. Attended a Mentoring Male Teens in the Hood Zoom session with the Kings.

Board & Governance

The revised Bylaws that were approved on October 25 are posted on TUUC's website. On November 14, most Trustees were able to participate in an outdoor signing of the Articles of Incorporation.

The Board Officers reviewed the annual Board disclosure forms on November 13. The results were reported at the November Board Meeting.

Acted as a stand-in at the Administrative Team virtual meetings, in place of the Finance Head.

Respectfully submitted, Sue Royer, President, 12/8/2020

Appendix 3: President-Elect's Report

There was no Program Council meeting for December. The next meeting will be held on Wednesday, January 13, 2021.

I had a very minor role in the auction this year. I helped solicit videos of congregants doing The Twist, and I introduced the video during the live auction event. I also returned at the end of the event to thank all of the hard-working people who made the auction possible.

I conducted Vespers on November 30, focusing on a theme of Hope.

The Cabin Fever movie group recently watched and discussed *The Forty Year Old Version* and *Inside Llewyn Davis*.

Respectfully submitted, Andrew Hager, President-Elect, 12/10/2020

Appendix 4: Treasurer's Report

TUUC Comments on Financial Results November 2020

Revenues:

1. Auction revenues are substantially below previous years and budgeted amount.
2. Plate and pledge contributions continue to perform strongly.
3. Work has begun on PPP loan forgiveness, which may happen in early 2021.

Expenses:

Building & grounds expenses and utilities are still running high. Legal expenses associated with Bylaw and Articles revision are wrapping up.

Balance Sheet:

The endowment value at month end was \$1,103,368.08.

Activity by Class:

TUUC has been attempting to end the use of restricted accounts. This new report allows funds such as Building or Green Sanctuary to be reported descriptively without carving the money out of the operational budgeting and accounting.

- Wendell Finner, Treasurer, December 11, 2020

Appendix 5: Endowment Committee Report

TUUC ENDOWMENT FUND SUMMARY				
	12/15/2020			6/30/2020
NAME	BALANCE	PERCENTAGE		BALANCE
Vanguard 500 Index Fd	547,997	48.2%		456,356
Vanguard FTSE Social Fd	222,394	19.6%		182,752
Vanguard Total Intl Fd	149,147	13.1%		122,168
Schwab US Small Co FD	171,240	15.1%		126,760
Cash & Cash Investments	45,384	4.0%		48,836
Total Endowment	1,136,162			936,872
Schwab Money Market	86,764			
Total Funds at Schwab	1,222,926			

TUUC ENDOWMENT COMMITTEE DECEMBER 2020 BOARD PRESENTATION

The following is a summary of TUUC Endowment Committee presentation regarding socially responsible investing (SRI) that may also be referred to as environmental, social and corporate governance investing (ESG). We initially provide a brief summary of SRI/ESG. Additionally, we have provided a summary of the UU Common Endowment Fund. Finally, for comparative purposes, we provide a list from Kiplinger of their list of 15 SRI Fund

Brief Summary of Socially Responsible Investing / Environmental, Social and Corporate Governance Investing

SRI investors believe that by combining certain social criteria with rigorous investment standards, they can identify securities that will earn competitive returns and help build a better world.

One technique is to screen out businesses perceived to have negative social effects such as alcohol, tobacco, fast food, gambling, pornography, weapons, fossil fuel production or the military.

Positive criteria for socially responsible investments may include:

1. [Corporate governance](#) and ethics
2. Workplace practices
3. Environmental concerns
4. Product safety and impact
5. Human rights
6. Community relations
7. Indigenous peoples' rights

Socially responsible mutual funds tend to have higher fees than regular funds. These higher fees can be attributed to the additional ethical research that mutual fund managers must undertake.

UU Common Endowment Fund

Socially responsible investing (SRI) is ensuring that our investments are aligned with our values. None of us want to make our financial returns at the expense of seriously harming ourselves, other humans, or the environment.

The four components of socially responsible investing include:

[Screening](#): Negative Screening is trying to avoid doing unnecessary harm, such as by avoiding investments in companies that are serious polluters, employ sweatshops, or have racist or sexist policies. Positive Screening is preferring investments in companies that provide a societal good as well as a safe and attractive return, such as companies with good environmental records.

[Shareholder Activism](#): proposing and representing resolutions at annual stockholder meetings to encourage companies to adopt policies consistent with your values.

[Proxy Voting](#): using your shareholder voting power to vote on important issues of corporate governance, and proposed shareholder resolutions, through the annual proxy voting process

[Community Investing](#): setting aside some portion of funds to be invested in local businesses that generate jobs and opportunities in addition to an attractive return. Many Community Development Financial Institutions exist for managing such investments for you.

Other details:

- We practice Fossil Fuel Divestment.
- We do not hold any companies that derive more than 5% of their revenue from the manufacture/sale of tobacco or weapons, or any companies whose operations support the government of Sudan.

- We exclude any company ranked in the lowest 5% of its peers by social research firm Sustainalytics, as well as companies facing severe social, environmental, or governance controversies.
- Asset managers build their own social and environmental criteria into stock selection.
- 57% of the portfolio of our endowment is subject to social and environmental screening. An additional 13% of our portfolio screens on climate change.
- We advocate the adoption of employment policies that protect workers from discrimination on the basis of gender identity, as well as sexual orientation.
- Up to 1% will be used to support Community Development Financial Institutions, which provide access to capital and financial services for underserved people, including low-income communities and communities of color.

2019 Expenses - 1.14%

2018 Expenses - 1.16%

15 Best ESG Funds for Responsible Investors

So-called responsible investing can take many forms – as many forms as there are values to stand behind.

By Coryanne Hicks, Kiplinger June 1, 2020

So-called responsible investing can take many forms – as many forms as there are values to stand behind.

Are you concerned about reducing fossil fuels? What about promoting women in the workplace? Whether you care about those issues or others, there's likely an ESG (environmental, social and corporate governance) fund for you.

You're not alone, either. Investors' hunger for ESG funds and stocks is growing at a rapid clip. According to Deloitte, the percentage of investors who applied ESG principles to at least a quarter of their portfolios grew from 48% in 2017 to 75% in 2019.

There are two main approaches to responsible investing: negative screening and positive screening. In the former, you try to avoid the bad by excluding companies whose values you disagree with; the "sin" industries of tobacco, gambling and guns are frequently separated from the herd. This is how socially responsible investing (SRI) got its start, and it's still a common approach.

Positive screening tries to maximize exposure to companies doing good. This is primarily the realm of ESG funds, which aim to hold stocks with good environmental, social and governance practices. The theory is that ESG-friendly companies won't just make you feel better – they'll perform better, too, thanks to benefits such as cost savings from energy efficiency or better management driven by more diverse leadership.

Here are 15 of the best ESG funds for investors looking to put their money where their values are.

Most of these picks, which include mutual funds and exchange-traded funds (ETFs) alike, use a combination of SRI exclusion and ESG inclusion. And they cover the gamut, from global large-cap stocks to small American companies to even bonds that are backed by ESG-friendly companies.

In other words: There's something for just about every need.

Vanguard FTSE Social Index Fund Admiral



Vanguard®

- **Assets under management:** \$7.3 billion
- **Dividend yield:** 1.6%
- **Expenses:** 0.14%, or \$14 on a \$10,000 initial investment

The **Vanguard FTSE Social Index Fund Admiral** ([VFTAX](#), \$29.02) is one of the least expensive socially responsible funds available. Morningstar Director Alex Bryan says VFTAX is geared toward "investors who want a broadly diversified portfolio without exposure to firms operating in controversial industries," and that its low fees are "one of its strongest assets."

Vanguard FTSE Social Index Fund uses a passive strategy that tracks the FTSE4Good US Select Index, a market-capitalization-weighted index that screens constituents for ESG criteria.

"Unlike many of its ESG index and actively managed peers, this fund does not directly screen for corporate governance quality or the environmental impact of its holdings, beyond the simple fossil fuels business involvement exclusion," Bryan says. "So, it doesn't restrict itself to exemplary ESG firms." It does make SRI exclusions, such as firms with significant business ties to tobacco, alcohol, nuclear power, adult entertainment, gambling and fossil fuels, Bryan says. It also nixes companies with human rights, labor, corruption or environmental controversies.

"This cuts out about 30% of the U.S. large-cap market, leaving a well-diversified, market-cap-weighted portfolio that should deliver similar performance to the market over the long term," Bryan says. Many of its top holdings, such as Microsoft ([MSFT](#)), Apple ([AAPL](#)) and Amazon.com ([AMZN](#)), are similar to traditional blue-chip funds.

iShares MSCI Global Impact ETF



- **Assets under management:** \$103.4 million
- **Dividend yield:** 1.4%
- **Expenses:** 0.49%

Wonder how investing in ESG makes the world a better place? Kostya Etus, director of research at Orion Portfolio Solutions in Omaha, Nebraska, says the **iShares MSCI Global Impact ETF** ([SDG](#), \$64.85) provides an easy answer.

The Global Impact ETF's portfolio is "composed of companies around the world who base their operations to further the United Nations' Sustainable Development Goals," she says. These 17 goals include clean energy, eliminating poverty and hunger, education for all and stopping global warming. SDG invests in firms that derive at least 50% of their revenue from products and services that address the UN's Sustainable Development Goals. Their stocks are then weighted based on the percentage of revenue they derive from activities related to these themes.

The result is a portfolio of 120 companies from around the world, split 63/37 between large-cap stocks and midsize companies.

The ETF's largest geographical positions are in the U.S. (31%) and Japan (13%). Industrials, health care companies and consumer staples firms each make up about 20% of SDG's assets. Top holdings at the moment include Belgian materials-tech and recycling company Umicore ([UMICY](#)), Denmark's Vestas Wind Systems ([VWDRY](#)) and Tesla ([TSLA](#)).

Parnassus Core Equity Fund Investor



- **Assets under management:** \$18.1 billion
- **Dividend yield:** 0.7%
- **Expenses:** 0.86%

Parnassus Investments has been a source for ESG strategies for People's United Advisors for more than a decade, says Celia Cazayoux, a senior investment manager for the Burlington, Vermont-based wealth management firm.

"From an ESG perspective, the firm believes that quality companies with strong social, environmental and corporate governance practices are better positioned to understand and manage risks, reducing probability of adverse outcomes and controversies," she says.

Parnassus' ESG analysis is coupled with a fundamental analysis that seeks companies that are "high quality investments with wide moats, increasing relevancy, strong management teams with a long-term focus, healthy financials," she says. The result is funds like the **Parnassus Core Equity Fund Investor** ([PRBLX](#), \$44.90), which has delivered a total return of -4.3% year-to-date. That's about 70 basis points (a basis point is one one-hundredth of a percent) better than the S&P 500, and it makes PRBLX a top-quartile performer in its peer group.

"One of the primary drivers for the fund's strong long-term track record is its upside/downside capture," says Cazayoux, who points out that PRBLX has captured 89% of the index's upside compared to 81% of its downside. "The fund's downside protection along with participation in market rallies has enabled it to outperform over the long term with less risk."

Parnassus Mid Cap Fund Investor



- **Assets under management:** \$5.1 billion
- **Dividend yield:** 0.5%
- **Expenses:** 0.99%

The **Parnassus Mid Cap Fund Investor** ([PARMX](#), \$32.17), a [Kip 25 selection](#), is another of the firm's top-rated ESG mutual funds. This solid option for ESG exposure to mid-cap stocks has earned five stars and a Silver rating by Morningstar, and has been lauded for its "talented stock-pickers" and "disciplined, well-executed approach."

The managers' focus on downside protection has resulted in a fund that doesn't always keep up with the Russell MidCap Index in bull markets but has better weathered the few pullbacks of the past decade. To wit, its 9.7% decline year-to-date is a full percentage point better than the index.

Companies are screened for quality and valuation metrics, such as competitive advantages. And no tobacco, alcohol or firearms manufacturers are allowed. PARMX also won't invest in companies engaged in extracting or producing fossil fuels, but may invest in companies that use fossil fuel-based energy.

With less than 50 stocks, the fund can tend toward sector biases –technology is a heavyweight right now, at 25% of assets – but the managers promise not to let the lean of any sector become more than twice that of the Russell MidCap Index.

iShares ESG MSCI USA ETF



- **Assets under management:** \$7.3 billion
- **Dividend yield:** 1.4%
- **Expenses:** 0.15%

The **iShares ESG MSCI USA ETF** ([ESGU](#), \$68.49) is a passively managed ESG fund that tracks the MSCI USA Extended ESG Focus Index. This benchmark takes the MSCI USA Index of large- and mid-cap American companies and whittles it down to "positive" ESG companies by excluding firms in the tobacco or civilian weapons industries, as well as firms that have suffered through "very severe business controversies."

It then maximizes exposure to companies with high ESG intangible value assessment (IVA) scores, which analyze a company's risk exposure to the key ESG issues within its industry. That might include waste

production in the food industry, for example, or data security in finance. Every company, regardless of industry, however, is subjected to a corporate governance review.

Bryan says this ESG tilt shouldn't strongly impact long-term performance. So far, that has proven largely true. ESGU has been in the top quartile of its large-blend peers for performance since 2018. Morningstar gives it four stars and a Silver rating, as well as four sustainability globes (out of five).

iShares ESG MSCI EM ETF



- **Assets under management:** \$3.2 billion
- **Dividend yield:** 3.1%
- **Expenses:** 0.25%

The fund world also allows you to invest responsibly across other parts of the globe, too.

For instance, the **iShares ESG MSCI EM ETF** ([ESGE](#), \$30.23) provides exposure to emerging markets, and it works similarly to ESGU. It tracks the MSCI Emerging Markets Extended ESG Focus Index, which takes a broader MSCI EM index and excludes tobacco/firearms companies, as well as those involved in "severe" controversies, then maximizes exposure to high ESG IVA scores.

The remaining portfolio of about 300 stocks is most heavily weighted in China (39%), Taiwan (13%) and South Korea (12%), which is common in emerging-markets funds. While financials are the top sector holding at 23% of the fund, ESGE's biggest weights go to stocks such as Chinese e-commerce giant Alibaba ([BABA](#)) and internet/gaming company Tencent ([TCEHY](#)), as well as chipmaker Taiwan Semiconductor ([TSM](#)).

Fees, while more expensive than ESGU, are still low at just 0.25% annually.

iShares ESG MSCI EAFE ETF



- **Assets under management:** \$2 billion
- **Dividend yield:** 3.0%
- **Expenses:** 0.20%

If you want international diversification but emerging markets feel too risky, you can invest in the developed world via the **iShares ESG MSCI EAFE ETF** ([ESGD](#), \$59.17).

This predominantly large-cap fund, which also has about 15% mid-cap exposure, invests in the developed nations of Europe, Australasia and the Far East (EAFE). ESGD uses similar exclusions and optimizations as ESGU and ESGE to arrive at a portfolio of about 480 stocks.

This isn't a perfectly balanced fund, sector-wise, but it does provide access to all 11 sectors, with industrials (16%) and financials (13%) leading the way. It's also top-heavy, geographically speaking. More than a quarter of the fund's assets are invested in Japanese stocks, with another 14% in the U.K., 11% in France and 10% in Switzerland. However, no single company makes up more than 3% of the portfolio.

Mega-cap consumer names such as Nestle ([NSRGY](#)) and Roche Holdings ([RHHBY](#)) help fuel a healthy dividend yield of roughly 3%. Morningstar gives the fund four stars, as well as four sustainability globes.

iShares Global Clean Energy ETF



- **Assets under management:** \$643.3 million
- **Dividend yield:** 1.3%
- **Expenses:** 0.46%

Some investors might home in on specific ESG issues, such as clean energy. That has led to the creation of benchmarks such as the S&P Global Clean Energy Index, which tracks a tight group of 30 of the largest clean energy companies from the 11,000-plus stocks in the S&P Global Broad Market Index. The world is in the midst of a long-term trend that has seen solar and wind power generation rapidly expand, and coal and oil generation decline. The Global Clean Energy Index has been reflecting that trend, climbing 21% since the start of 2016 while the S&P Energy Select Sector Index has declined by 34%. That includes a nearly 2% gain in clean energy in 2020, versus a 35% loss for the traditional-energy index.

The **iShares Global Clean Energy ETF** ([ICLN](#), 11.89) allows you to track that index for 0.46% annually. ICLN's holdings are spread across about a dozen countries, with American firms dominating at 39% of assets (China's the closest after that, at more than 10%). Top holdings include the likes of clean-energy tech company Enphase Energy ([ENPH](#)), solar panel maker First Solar ([FSLR](#)) and China's Xinyi Solar Holdings.

The prospectus does warn investors that clean energy companies can be highly dependent on government subsidies and contracts. Likewise, political events and seasonal weather conditions can impact performance.

SPDR S&P 500 Fossil Fuel Reserves Free ETF



- **Assets under management:** \$545 million
- **Dividend yield:** 1.7%
- **Expenses:** 0.25%

Another way to invest with clean-energy principles in mind is to simply exclude fossil fuels from your portfolio.

That's what you get with the **SPDR S&P 500 Fossil Fuel Reserves Free ETF** ([SPYX](#), \$75.21), which simply invests in the S&P 500, minus companies that own fossil fuel reserves (i.e., sources of crude oil, natural gas and thermal coal).

The S&P 500 Fossil Fuel Free Index identifies 481 S&P 500 companies that meet the fossil fuel reserve-free criteria, and SPYX holds 479 of them. Unsurprisingly, there's no exposure to the energy sector here, which means no Exxon Mobil ([XOM](#)) or Chevron ([CVX](#)).

This isn't just a feel-good investment for clean-energy advocates. SPYX has also delivered 47 basis points of outperformance against the S&P 500 on a total-return basis. And it has consistently outperformed the U.S. large blend category since inception in 2015.

Morningstar gives SPYX four stars and four sustainability globes.

Pax Ellevest Global Women's Leadership Fund



- **Assets under management:** \$492.7 million
- **Dividend yield:** 1.8%
- **Expenses:** 0.80%
- **Pax Ellevest Global Women's Leadership Fund** ([PXWEX](#), \$24.89), at nearly \$500 million in assets under management, is proof that there's real investor interest in corporate [gender diversity](#).

PXWEX's performance suggests it works, too. This portfolio of more than 400 gender-diverse companies outperformed 93% of its global equity peers within the Lipper Global Multi-Cap Core category in the five years ending March 31, 2020.

The fund is tied to the Impax Global Women's Leadership Index. To create the index, the firm's in-house Gender Analytics Team evaluates 1,600 global companies for criteria such as the representation of women in management and gender pay equality.

"These factors are given different weights, with representation by women on boards and in management receiving the highest weights," Portfolio Manager Barbara Browning says. The stocks that meet these and certain ESG criteria represent what Impax believes are the best companies in the world for advancing gender equality and women in the workplace, she says.

The fund can tilt "toward higher-rated gender leadership sectors, regions and countries," such as consumer staples and financials, and the United States and France, Portfolio Manager Scott LaBreche says. "(This) can cause negative short-term return impacts," but he says they "are negated over longer-term periods."

Recent top holdings include the likes of Microsoft, Dutch-American information-tech firm Wolters Kluwer ([WTKWY](#)) and Starbucks ([SBUX](#)).

Nuveen ESG Large-Cap Value ETF



- **Assets under management:** \$200.2 million
- **Dividend yield:** \$1.7%
- **Expenses:** 0.35%

"[Value stocks](#) have some of the most attractive valuations right now, particularly relative to growth stocks," Orion Portfolio Solutions' Kostya Etus says. "But there is risk of purchasing lower-quality companies which may go out of business – also known as 'catching a falling knife.'"

By pairing value with ESG companies, which are generally higher-quality and "better able to weather the storm in periods of market stress," according to Etus, you can mitigate the risk of grabbing the blade.

And that's the idea behind **Nuveen ESG Large-Cap Value ETF** ([NULV](#), \$27.86).

Nuveen ESG Large-Cap Value Fund tracks the TIAA ESG USA Large-Cap Value Index, which tries to increase exposure to MSCI USA Value Index components with positive ESG factors while reducing carbon exposure. The ESG value index has outperformed the traditional value index every year since 2015. NULV has done a fair job of tagging along, outperforming the index by almost 0.5% over its lifetime.

The fund, which is heaviest in financials (20%) and health care (15%), boasts top holdings including Procter & Gamble ([PG](#)), Intel ([INTC](#)) and Verizon ([VZ](#)).

Nuveen ESG Small-Cap ETF



- **Assets under management:** \$254.4 million
- **Dividend yield:** 1.1%
- **Expenses:** 0.40%

Speaking of "catching a falling knife," Etus says small-cap stocks can provide strong value opportunities right now, though you face a higher risk of getting cut, especially in the current environment.

Small caps tend to be undervalued relative to large companies, but "many small companies may not make it through these rough economic times," she says. "Having an ESG overlay helps select higher quality small-cap companies which may have a higher probability to make it out of the recession and outperform on the rebound."

She points to the **Nuveen ESG Small-Cap ETF** ([NUSC](#), \$26.49), which tracks the TIAA ESG USA Small-Cap Index, which applies ESG criteria to the MSCI USA Small Cap Index. The 640-holding portfolio is thickest in information technology stocks (18%), health care stocks (15%), and industrials (15%), but it offers exposure to every sector – which isn't necessarily a win, depending on what your ESG values are.

For instance, NUSC does better at avoiding tobacco and civilian firearms (of which it holds none) than it does fossil fuels (1.9% of assets are in oil/gas producers, and another 1.6% are in fuel-fired utilities) and deforestation (1.4% of investments are in "deforestation-risk" companies). That's according to a fund

tracker powered by [As You Sow](#), a nonprofit promoting environmental and social corporate responsibility through shareholder advocacy.

NUSC is decidedly not a good pick for investors who prioritize gender equality or want to avoid exposure to military weapons, according to As You Sow's ratings.

[Learn more about NUSC at the Nuveen provider page.](#)

TIAA-CREF Core Impact Bond Fund



- **Assets under management:** \$5.2 billion
- **SEC yield:** 1.7%
- **Expenses:** 0.44%

Investors can also add an ESG element to the fixed-income portion of their portfolio.

The **TIAA-CREF Core Impact Bond Fund** ([TSBRX](#), \$10.76) is led by a three-person portfolio management team that includes Stephen Liberatore, head of ESG/Impact fixed income strategy. The fund holds investment-grade bonds from companies that are ESG leaders within their industry and/or have direct and measurable environmental or social impact in areas like natural resources, renewable energy and affordable housing.

The managers start by selecting securities that score in the top half of their peer group for ESG characteristics. Sector specialists then choose from these the individual bonds for the portfolio. These can include U.S. government securities, corporate bonds or mortgage- and other asset-backed securities. As of March 31, 2020, TSBRX as most heavily invested in corporate bonds (49%), with large holdings of securitized debt (22%) and government bonds (18%).

What sets this bond fund apart from its ESG peers is that it may allocate 30% to 40% of its assets to impact investments – "which may fall outside the screen but have a 'direct and measurable' impact on social or environmental improvement" – apart from those chosen through its core screening process.

Morningstar Associate Director Brian Moriarity notes this may include smaller, illiquid deals, but management is careful to offset the higher risk of these investments by holding an equal amount of U.S. Treasuries with the same duration.

iShares ESG USD Corporate Bond ETF



- **Assets under management:** \$178.1 million
- **SEC yield:** 2.4%
- **Expenses:** 0.18%

The **iShares ESG USD Corporate Bond ETF** ([SUSC](#), \$27.18) is another fixed-income ESG fund that's specifically geared toward corporate debt. Its aim is to optimize exposure to ESG criteria while matching the risk-return characteristics of the Bloomberg Barclays US Corporate Index.

SUSC's tracking index, the Bloomberg Barclays MSCI US Corporate ESG Focus Index, frowns upon civilian firearm producers and retailers, weapons makers, fossil fuel producers or power generators, and a few other industries. Some of the exclusions are categorical, while others are based on revenue or revenue-percentage thresholds. It also excludes companies tagged with the "severe business controversy" mark.

The overall portfolio is almost entirely investment-grade in nature, though most of its holdings are closer to the lower end of that spectrum. Nearly half the portfolio is in BBB-rated bonds, and another 38% are in A-rated bonds. Effective duration is 7.7, which implies that a one-percentage-point increase in interest rates would result in a 7.7% decline for the portfolio.

The iShares ESG USD Corporate Bond ETF came to life in July 2017, so it doesn't have much of a track record, but it underperformed the category average by 29 basis points in 2018 and outperformed by 155 bps in 2019. It's ahead by 97 basis points so far this year. Thus, SUSC shows you don't have to forgo returns for social responsibility in fixed income.

Walden Balanced Fund



Assets under management: \$155.2 million

- **Dividend yield:** 1.0%

- **Expenses:** 1.00%

Investors can even get access to a balanced fund that prioritizes ESG values.

The **Walden Balanced Fund** ([WSBFX](#), \$19.55) aims for a 70% to 80% equity allocation, and it was at the lower end of that as of the end of April. At 29% fixed-income exposure, it boasted about twice the allocation to bonds of the category average.

The fixed-income portfolio consists of U.S. government and government-related bonds, corporate bonds, municipal bonds and cash and cash equivalents. On the equities side, while the fund managers are open to companies of all sizes, they prefer large caps, with recognizable names like Microsoft, Apple and Google parent Alphabet ([GOOGL](#)) topping the list.

The managers apply an ESG screen to holdings and exclude companies with significant exposure to products or services such as alcohol production, coal mining, factory farming, tobacco, weapons and prison operations. They also avoid companies with poor workplace conditions or shoddy corporate governance, as well as those that have a negative environmental or community impact.

Walden is recognized as an asset manager with a history of engaging companies on the issue of deforestation and tobacco in the entertainment industry. WSBFX gets the trifecta of five stars, five sustainability globes and a Gold rating from Morningstar.