

RCM SPOTLIGHT: SOCIAL IMPACT PORTFOLIO (SIP)

Fall 2016 - Palm Oil Pressure

Russell Capital's Social Impact Portfolio includes rigorously screened funds with high ESG (Environmental, Social, Governance) standards and traceable impact in the ESG spheres. Our Spotlight series offers a look inside the Social Impact Portfolio, the funds we employ, and specific issues they target.

KEY TAKEAWAYS

- Palm oil production uproots tropical rainforests, kills endangered species, displaces local communities, and contributes to the release of greenhouse gases.
- Green Century, one of our fund providers, offers a unique approach to forest preservation and environmental stewardship.
- Food waste accounts for a constellation of issues, including climate change and pollution.
- Shareholder resolutions can be an impactful way to force positive change in business practices.
- Research states that companies with more women on their boards and in senior management perform better.

IMPACT INITIATIVES

Green Century Capital Management — Rainforest Preservation

Green Century presses companies to improve their environmental practices, focusing notably on rainforest preservation by changing the palm oil supply chain process. Palm oil production, 85% of which comes from Indonesia and Malaysia, often uproots tropical forests, kills endangered species, displaces local communities, and contributes to the release of greenhouse gases. In 2015, Green Century helped organize 60 investors with more than \$2 trillion in assets under management to issue a letter to the Indonesian government in support of a moratorium on new permits for palm oil plantations. The moratorium was formally accepted in April 2015 and will last for 5 years. *Green Century Funds are incorporated in our Social Impact Portfolio.*

Walden Asset Management — Food Waste

The U.S. Department of Agriculture estimates that an astounding 30-40% of the U.S. food supply is wasted. Food waste is the largest component of municipal landfills that in turn are the third largest U.S. source of methane (a highly potent greenhouse gas). Moreover, the annual cost of food waste measures in the 100s of billions of dollars. The issue embodies a constellation of concerns—food security, climate change, resource conservation, and a substantial economic toll. Walden—*included in our Social Impact Portfolio*—co-filled a shareholder resolution at Costco Wholesale that seeks a report on efforts to assess, reduce, and optimally manage food waste. Walden withdrew the resolution upon Costco's commitment to address food waste in its next sustainability report.

FUND SPOTLIGHT

Pax Ellevest Global Women's Index Fund

The Pax Ellevest Global Women's Index Fund, *included in our Social Impact Portfolio*, is the first of its kind: a broadly diversified mutual fund that invests in the highest-rated companies in the world in advancing women's leadership. Research suggests that where women are better represented, companies actually perform better.

RUSSELL CAPITAL MANAGEMENT

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<http://www.eolss.net/sample-chapters/c09/e4-23-02.pdf>

<http://greencentury.com/the-green-century-funds/>

<http://www.paxellevate.com/fund/why-invest-in-women>

<https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions#electricity>

<http://www.worldwildlife.org/threats/deforestation>

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