

# Insights

At Aneuvia, we believe in democratizing financial wellness and investment advice for the betterment of companies, communities and individuals. Here we share our insights, point of view and advice on global impact investing, corporate diversity and inclusion, new financial market trends, impact investment funds and more.

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## How Foundations & Endowments Can Develop a Sustainable Investing Program

Posted by Janelle Metzger

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*This article is part of a series that explains the differences between foundations and endowments, their power to advance the sustainable investing agenda, and investigates a variety of investment approaches.*

ESG investing is on the rise - making up [33 percent of total U.S. assets under management](#). The shift to ESG means that investors balance their pursuit for positive gains along with purpose - aligning investments with their core mission and values.

As ESG investing surges, foundations and endowments (F&E) have the opportunity to further embrace sustainable investments. Below is an outline of some approaches that foundations and endowments can take to develop a sustainable investing program.

**Divestments.** As we've seen with Harvard, Cal Poly, Stanford University and

USC, students are often the driving force of rallying university divestments. Whether it's fossil fuels, tobacco, alcohol or human rights violations, students have a powerful role in launching campaigns that draw attention to universities' and colleges' investment strategies. Taking it a step further, students are also filing litigations for potential violation of fiduciary responsibilities.

Just this summer, Cal Poly's statewide campaign urged most of the CSU campuses to divest their endowments and corporate investments from fossil fuel companies. In a similar vein, Divest Harvard, an activist student group at Harvard University, has fought for nearly a decade to urge its leadership to divest from fossil fuel investments - a campaign that proved to be successful in September 2021. Aside from reactive campaigns that respond to student and stakeholder requests, it is equally important for foundations and endowments to proactively review their portfolios and divest from funds that act against their organizational values and ambitions.

**ESG Incorporation and Shareholder Engagement.** Another key strategy for foundations and endowments is to apply ESG factors in investment analysis in order to identify material risks and growth opportunities. Investors evaluate resource management and pollution, reducing emissions and climate change prevention, the use of green technologies and products. Contributing social factors are company culture, employee satisfaction and well-being, supplier net promoter scores, diversity and inclusion, among others. And finally, governance factors are focused on transparent accounting systems, disclosure of any and all grievances, ethical operations, executive compensation and more.

**Impact Investing.** The cornerstone of impact investing is lending to social or environmental causes, and underserved communities -- whether geographic or socioeconomic. Foundations and endowments should first define their impact investing focus. As we explore in our [latest whitepaper](#), foundations are pursuing market-rate returns alongside social and environmental impact through Mission Related Investments.

**Impact measurement.** Commit to measuring progress and reporting regularly on the social and environmental performance of impact investments. From voluntary disclosures in annual reports to producing standalone reports, foundations and endowments have the opportunity to place a weight on ESG data and scores to make long-term investment decisions.

*Aneuvia is an investment management firm that provides foundations, endowments, individuals and families with sustainable investing, integration of ESG and corporate strategies and impact investing consultation. View our latest whitepaper, [Foundations & Endowments: Trends in Sustainable Investing](#), to learn more.*

This article: [How Foundations & Endowments Can Develop a Sustainable Investing Program](#) first appeared on <http://aneuvia.com>.



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