



Perspective on Impact Investing

by Molly Stranahan

I grew up with an investment portfolio, thanks to my great-grandfather (and his brother) who founded Champion Spark Plug Company, and the generosity of subsequent generations who shared the wealth with my generation. In the 1980s my Aunt Dinny noticed that our family foundation, The Needmor Fund, held stock in Kerr-McGee at the same time we were supporting the organization Karen Silkwood was part of that wanted employees and local residents to have a right to information about potentially toxic chemicals being used in their communities. All of this resulted in The Needmor Fund adopting socially responsible investment screens back in the early 1980s.

As a result of discussions about our family foundation's portfolio, I joined those who moved our personal investment accounts to managers who looked at the social and environmental impact of the companies owned in our portfolios. Then I looked for managers who engaged in shareholder activism, using their regular meetings with corporate management to press for responsible practices, as well as voting proxies in accordance with my values and sponsoring shareholder initiatives. I invested in community investment notes that make loans to organizations providing community benefit.

The goal of traditional investment management is to maximize financial returns for the investor, while managing risk. Over the long term, stocks, which represent ownership of corporations, have provided the biggest returns, although those markets are now dwarfed by derivatives of various types.

Over my lifetime, corporations have come to focus almost exclusively on "increasing shareholder value" rather than providing the best product, or maximizing the satisfaction of their employees, or being good corporate citizens in the communities where they operate. This has resulted in downsizing (firing people), moving to gain tax benefits (reducing the tax base for communities), and a lack of responsibility for the environmental impact of production and policies. Some of the most destructive organizations on our planet are corporations who are bent on maximizing shareholder profits, such as Exxon, who buried their own research on the catastrophic impact of burning fossil fuels so that they could earn tens of billions of dollars a year, or Monsanto who has spent more than \$22 million to prevent state initiatives on GMO labeling because it might reduce sales of their products.

As an investor, I do not want to earn money as a result of business practices that I find destructive to health, happiness, and thriving communities, and I don't want to be the excuse for behaviors like downsizing and avoiding responsibility for the environmental impact of products

and policies. I want corporations to know that as a partial owner, I do not want profits at any cost. I care about the impact they have on our society, their employees and their customers.

Now I seek to invest as much of my inheritance as possible in companies and loans where my capital supports the creation of something connected to my values – whether a new solar energy innovation or a local farm or nonprofit – while earning income to support my lifestyle. I no longer want to play the game of owning a stock because my manager bets it will increase in value more than the person who sold the shares thinks it will. I know from my work in the field of happiness that when our actions align with our values, we are happier. Therefore I seek to have the capital I control have a positive impact on the world in ways that are meaningful to me.