

October 2005

Dear Client:

Having just returned from the annual First Affirmative Member Retreat and SRI in the Rockies Conference, I can tell you that our investment practices including screening criteria, shareholder advocacy, and community investing are all alive, well, and thriving.

The conference began with Jane Goodall's amazing story-telling, which I can't possibly do justice to here--her coming from poverty in London where she was fascinated with animals from childhood and as a little girl, how she laid in wait in the henhouse to find out how that egg could possibly come out of the chicken; her first scientific study. At age 23, Dr. Goodall moved to the jungles of Tanzania to spend decades living with and studying chimpanzees. Now 72, she has fostered a global humanitarian environment and education program for youth. She spoke of the disconnect between man, animals, and the environment and how the SRI community plays a vital role in bridging the gap.

It was our largest conference yet, with over 500 participants, and broader participation from mainstream financial institutions not formerly associated with our movement. For example, FTSE4Good, a "sustainability" market index, originally a joint venture between the Financial Times and London Stock Exchange and widely used overseas, is beginning to make a splash here in America. Of course, we also had other well-established domestic SRI indexes represented such as those from KLD including the well-known Domini 400 Social Index in addition to the Calvert Social Index and Dow Jones Sustainability Indexes. Why is this important? Because each index provides additional tools used by investment managers, researchers, and academicians working within the SRI movement and they provide us with additional benchmarks supporting our investment strategies.

New and growing participation from several large institutional services firms including Mercer Investment Consulting and Generation Investment Management (Al Gore's new sustainability investment firm) gives us added recognition. In addition, I noticed an increased emphasis for our economic self-empowerment strategies of community investing and micro-credit. This was gratifying to see. I am actively promoting these strategies even though I already have a high-level of participation compared to my colleagues.

A recent article about community investing is now on my website for you to read. (Click on [sri news & info](#) link.) And while you're there, look over the *Related and Reliable News Sources* section I've compiled on the bottom of that page. If you are not utilizing these independent media news sources and only consuming mainstream news (and anymore, NPR and PBS can even largely be considered mainstream co-opted), then you aren't really getting the news, you're just getting Bush Administration propaganda and spokespeople. When nobody was paying attention, The Right took over every major media outlet—which gets us to my next topic.

A recent piece in Trillium Asset Management's Investing for a Better World newsletter, entitled *A Capitalist Manifesto*, looks at where The Left went wrong strategically. Here's how it goes: The progressive community largely holds the self-destructive view that profits are the enemy of progress. This entrenched prejudice, this knee-jerk unexamined belief, this view of things only serves to pit social progress and financial profit in a zero-sum con-

test where gains for one are losses for the other. So where does that leave us? That kind of thinking leaves us on the economic sidelines, on the bench, sitting this one out, complaining. Rather, shouldn't we be *in* the economy, changing the rules, making it reflect our values of social and economic justice, ecological sanity, and all? Farnum Brown says in the article, "Until progressives can imagine a world where our social and environmental concerns create rather than limit economic opportunity, we will lack the political power necessary to fully achieve our goals." (for more on this line of thought, check out www.ndn.org)

Back to the FAFN Retreat and SRI Conference... I was recognized for having developed the second largest SRI practice based on assets managed (before my recent office restructuring) among about 130 FAFN network members nationally. Not normally one for flag waving, but I thought you might like to know since it was *your* participation that made this possible.

One of the plenary speakers, Randy Hayes, Director of Sustainability for Oakland, CA. quoted Kennedy who says "Show me pollution and I'll show you a subsidy." Hayes is also the Founder of the highly effective Rainforest Action Network. He was introduced as one who stops at nothing to make a point—he has been arrested 18 times at social and environmental civil disobedience actions. His City of Oakland is a leader in environmental planning and is projecting to be generating 50% of its energy from renewable sources by 2017. Mr. Hayes envisions an economic system that is earth-minded. Products and services would be priced using true-cost pricing models, integrating the long-term environmental costs to all products. In addition, he envisions closed-loop manufacturing systems that have a cradle-to-cradle philosophy in which everything is re-used, recycled, leaving a neutral to positive environmental impact. He insists that we must reject the idea of helplessness and that every generation must leave less and less of a footprint on the Earth. He calls this The Ecological U-turn. This U-turn needs to happen in order to allow forests and earth to re-generate. He agreed that SRI has a bold role to play in helping recapture public governance of the economy in order to achieve justice for nature and all.

The SRI movement seems to be at a tipping point. We have tremendous opportunities and unique challenges that lie before us. There is a growing public demand for investment services that allow expression of our personal values. Traditional social screens are being re-evaluated and new criteria are being developed.

The positive results of screening, shareholder advocacy, and community investing are clear to those of us who work with them every day, but not necessarily to the public at large. Therefore, conference attendees participated in discussions and sessions on how to better get our message out—after all, the more money that is represented under those strategies, the more power we have in promoting social, economic, and ecologic justice.

Working together, we can accomplish these goals.

Warmest regards,

A handwritten signature in black ink that reads "Eric A. Smith". The signature is written in a cursive, flowing style.