



SOCIALLY RESPONSIBLE INVESTING

Georgina Villeneuve, MBA, MTI, Peace Hills Trust
Margaret Childe, Manager, Advisory Services, Sustainalytics

Thousands of people have joined the Standing Rock Sioux Nation's fight against construction of a contentious oil pipeline, a showdown Indigenous leaders in North Dakota warn won't end anytime soon. In Canada, many First Nations are now looking to implement Socially Responsible Investing or Sustainable and Responsible Investing ("SRI"), strategies to align their values with their investments. By influencing the actions and governance of companies and financed entities, SRI promotes a socially conscious and sustainable economy.

Defining Sustainable and Responsible Investing

Sustainable and responsible investing (SRI) is an investment approach that incorporates environmental, social and governance (ESG) factors in the selection and management of investments.

SRI is increasingly gaining momentum among investors who seek to align their investment management with their mission or values or to better manage investment risk and opportunity (or both). It's an investment approach adopted by a full range of investors, including major investment managers, large pension funds and First Nation Trusts globally.

What is E, S and G?

ESG refers to the *environmental, social and governance* issues associated with business activities. These ESG-related factors are increasingly recognized as relevant and financially material; they are a source of both risk and opportunity for companies and their investors.

Under each pillar of E, S, and G, investors have identified specific issues or topics that require attention. The below table lists examples of ESG issues and the impact, both positive and negative, they may have on companies. How investors use ESG metrics and criteria often varies

across different asset classes and will depend on the goals of the investor.

ESG Category	ESG Issue	Potential impact on company
Environment	<ul style="list-style-type: none"> Resource management and pollution prevention Reduced emissions and climate impact 	<ul style="list-style-type: none"> Avoid or minimize environmental liabilities Lower costs/increase profitability through energy efficiency Reduce regulatory, litigation and reputational risk
Social	<ul style="list-style-type: none"> Community relations Indigenous peoples' rights Human rights 	<ul style="list-style-type: none"> Improve brand loyalty Protect and enhance license to operate Reduce reputational risk
Governance	<ul style="list-style-type: none"> Executive compensation Board accountability Shareholder rights Avoidance of bribery and corruption 	<ul style="list-style-type: none"> Align interests of shareowners and management Avoid negative financial surprises or "blow-ups" Reduce reputational risk

Diversification of Approaches

The SRI investment approach may be uniquely tailored to a Nation’s beliefs and goals of their community. When developing an SRI Policy, time and resources will be required in identifying the approach that best suits your Nation’s objectives. Education of both Council and citizens is a critical step in identifying what your Nations wants to achieve through its responsible investment strategy. The following are some of the more common approaches taken in a socially responsible investment strategy:

- Active Ownership/Engagement** Direct and collaborative engagement
Explicit ESG considerations within proxy voting
- Positive/Best in Class Screening** Investing in the top ESG performing companies across sectors
- Negative Exclusionary Screening** Excluding poor ESG performers and/or companies that at involved in controversial business lines, e.g. tobacco

Norms-Based Screening

Excluding companies that are in violation of basic societal norms, e.g. controversial weapons

ESG Integration

Incorporating ESG metrics into the traditional investment process such as identifying positive signals and adjusting price targets

Positive Thematic and Impact Investing

Investments focused on companies that are solving sustainable development challenges, e.g. clean technology, water

To learn more about Sustainable and Responsible investing approaches please register to attend the:



Peace Hills Trust provides trust services from its corporate office located in Edmonton, Alberta. Georgina Villeneuve, Vice President – Trust Services, is responsible for the overall management of the trust book and is the lead relationship manager due to her experience in First Nation trust issues, administration and taxation. She can be reached at 780-428-7228 or georgina.villeneuve@peacehills.com



Sustainalytics is an independent ESG and corporate governance research, ratings and analysis firm supporting investors around the world with the development and implementation of responsible investment strategies. Margaret Childe, Manager Advisory Services, assists clients in implementing responsible investment strategies, and in integrating Sustainalytics' environmental, social and governance research into their investment processes. Please feel free to reach out to Sustainalytics at contact@sustainalytics.com.