



Convening at the Federal Reserve Bank of Boston: Summary of Key Discussion Points

Overview

The Investment Integration Project (TIIP) convened a dynamic group of field leaders on October 28, 2015 at the Federal Reserve Bank of Boston. The focus of the meeting was twofold: (a) to validate and help guide TIIP and to serve as a sounding board for the project's concepts, as well as (b) to brainstorm how to best position TIIP, determining the most effective strategies and partners for disseminating results and influencing key stakeholders. Accordingly, participants at the kick-off convening explored what research has already been done—or might usefully be done—to address the most relevant questions relating to investment policies and practices and their impacts at the environmental, societal and financial systems levels, and the potential implications of current and ongoing research on these topics for emerging industry initiatives.

Discussion of TIIP Concept and Inaugural Paper

The meeting opened with a discussion of “Portfolios and Systemic Framework Integration: Towards a Theory and Practice”, the inaugural TIIP white paper that examines how managers' portfolio decision-making impacts positively or negatively the systemic environmental, social and financial frameworks they operate in. Participants offered great feedback, which the TIIP team is now incorporating into the release draft of the paper as well as subsequent avenues of research that was discussed during the meeting.

Discussion of TIIP Rollout Strategy

The meeting also explored how TIIP can best engage ongoing and emerging industry initiatives, particularly as the project begins the rollout of the inaugural white paper. These partnerships can take any number of forms, from op-eds responding to the concepts contained in the paper to efforts to help position the work with stakeholders. Current plans include:

- **Launch of TIIP website.** The TIIP website, built around the paper's basic concepts, will serve as a mechanism through which to keep the growing community of key stakeholders updated on developments in the field and to feature examples of asset owners and managers engaging in best practice in investment integration. This website is scheduled to go live a few days prior to release of the paper (around November 11 or 18);

- **Placement of an op-ed in December issue of Responsible Investor's (RI) ESG Magazine, as well as response pieces from field leaders to be hosted on RI's website.** Responsible Investor will publish a 1200-word treatment of the inaugural TIIP white paper, and host a curated series of 600-word responses to the paper from various field leaders on the outlet's website. The initial response pieces are due November 30;
- **Launch blog post(s) with CFA Institute.** TIIP is also exploring with the CFA Institute the development of a blog post (or series of posts) that unpack various dimensions of the paper and related concepts, to go live on the CFA Institute website in coordination with the launch of the TIIP website and paper. This post (or series) will aim to link the concepts associated with TIIP to those of the new ESG guidance manual that the CFA Institute will be launching in mid- to late-November—thereby attempting to create a bridge between current best practices and the future standards that TIIP envisions investment professionals will begin seeking;
- **Webinar with SASB (as well as others).** In an effort to package the insights and concepts associated with TIIP beyond the written word, we are also exploring hosting a webinar on the paper to be co-hosted by SASB as well as others; and
- **Coordinated push with industry organizations and stakeholders.** Lastly, we want to ensure that the messaging around TIIP is coherent and consistent across stakeholders. We aim to share launch-related collaterals and communications with partners and stakeholders. Our aim is to maximize the depth and breadth of our outreach efforts.

Discussion of 2016 Priorities

In addition, the assembled group considered research questions TIIP could most usefully help to answer that would complement topics other stakeholders are already exploring. The group offered suggestions for how TIIP might (a) engage in the development of new insights and tools, as well as (b) link to emerging or ongoing efforts conducted in other industry-related projects. Recommendations offered along these lines included:

- **Determine what counts as a systems-level framework** (i.e., healthcare, climate change);
- **Rationalize the language** around the topics and concepts related to TIIP so that it is more intuitive to the financial community, as well as consider the creation of memes that replicate easily and with consistency from person to person;
- **Determine criteria for assessing managers**, including background on the concept of intentionality and its appropriate role in the investment process;
- **Host two additional meetings:** (a) one of academics interested in doing research in the field, and (b) one of asset owners (and potentially a separate meeting for managers, too) around questions of systemic risk, language that would be useful, obstacles to confronting these issues—might also consider hosting one of these meetings on the West Coast;
- **Determine a process for what it would look like to incorporate systemic thinking** into investment policies and practices for both asset owners and asset

- managers (i.e., not specific to any particular issue);
- **Conduct research in coordination with the ongoing work of the Principles for Responsible Investment**—including engagement as the PRI ramps up its consultation process around the proposal for the incorporation of a 7th Principle.
 - **Conduct case studies on financial institutions that have done a good job in terms of incorporating systemic thinking**, and help determine best practices around the integration of ESG—both of which could support the CFA Institute’s efforts to educate members;
 - **Develop a “21st century master blueprint manual** for educating asset owners and managers on the systems-level implications of their investments;
 - **Host a lab (or series of labs) with the GISR’s Center of Ratings Excellence (CORE) program** on systemic effects and systems with respect to a firm’s attentiveness to systemic issues;
 - **Respond to the call for papers for the *Journal of Applied Corporate Finance*’s special issue on ESG**; and
 - **Leverage SASB’s forthcoming guidance efforts** for asset owners and managers and vice versa.

Next Steps

While a number of potential avenues of inquiry and action were identified (as discussed above), key short-term next steps were also determined, including:

- **Preparation of this summary document** of the meeting;
- **Launch of the TIIP white paper and website** on or around November 11 or 18;
- **Preparation of response pieces by participants to the project concept** that (a) reflect on the concepts examined in the inaugural white paper as well as (b) make the linkage to other industry building efforts;
- **Coordination of the dissemination of the release of the inaugural white paper** with various partners; and
- **Preparation of a 2016 research agenda** for review and feedback from participants.

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