

SAIL

INAUGURAL COHORT

FEBRUARY 2023

Table of Contents

Who is TIIP and what is system-level investing?	3
The turnkey solution (SAIL) and the cohort experience	10
<ul style="list-style-type: none">• Launchpad + CoPractice• Inaugural Cohort	
New products being brought to the SAIL experience soon!	19

WHO IS TIIP AND WHAT IS SYSTEM-LEVEL INVESTING?

TIIP helps investors manage systemic risks and opportunities

The Investment Integration Project (TIIP) helps investors manage systemic risks and opportunities.

- Since 2015, TIIP has used a combination of thought leadership, research, and consulting services to help investors understand how social and environmental systems affect investment portfolios and how investors influence the development of healthy, resilient systems that enable returns.
- TIIP helps them to see that everything—from the environment to societies to the financial markets—is interconnected and demonstrates how investors can and should use system-level investing to proactively address systemic challenges to promote global sustainability and well-being and to enhance their bottom lines.

How TIIP helps investors

TIIP develops insights, strategies and tools for pursuing system-level investing through a combination of consulting, research and a turnkey solution.

- The principals at TIIP have advised pension funds, investment management firms, private foundations and endowments, government agencies and major industry associations to establish and implement impact and investment goals to tackle system-level issues as well as conduct applied research to drive industry transformation.



TIIP's Consulting Services

Strategy & program design

Help clients devise clear system-level investing goals and implement effective strategies that apply resources to maximum potential. Support ongoing learning and strategic decision making by: implementing developmental, formative, and summative evaluations using a range of data collection methods with a focus on communicating results in meaningful ways; conducting comprehensive strategic reviews and retrospectives; developing shared measurement systems; providing training, coaching, and technical assistance to build the capacity of internal and external stakeholders.

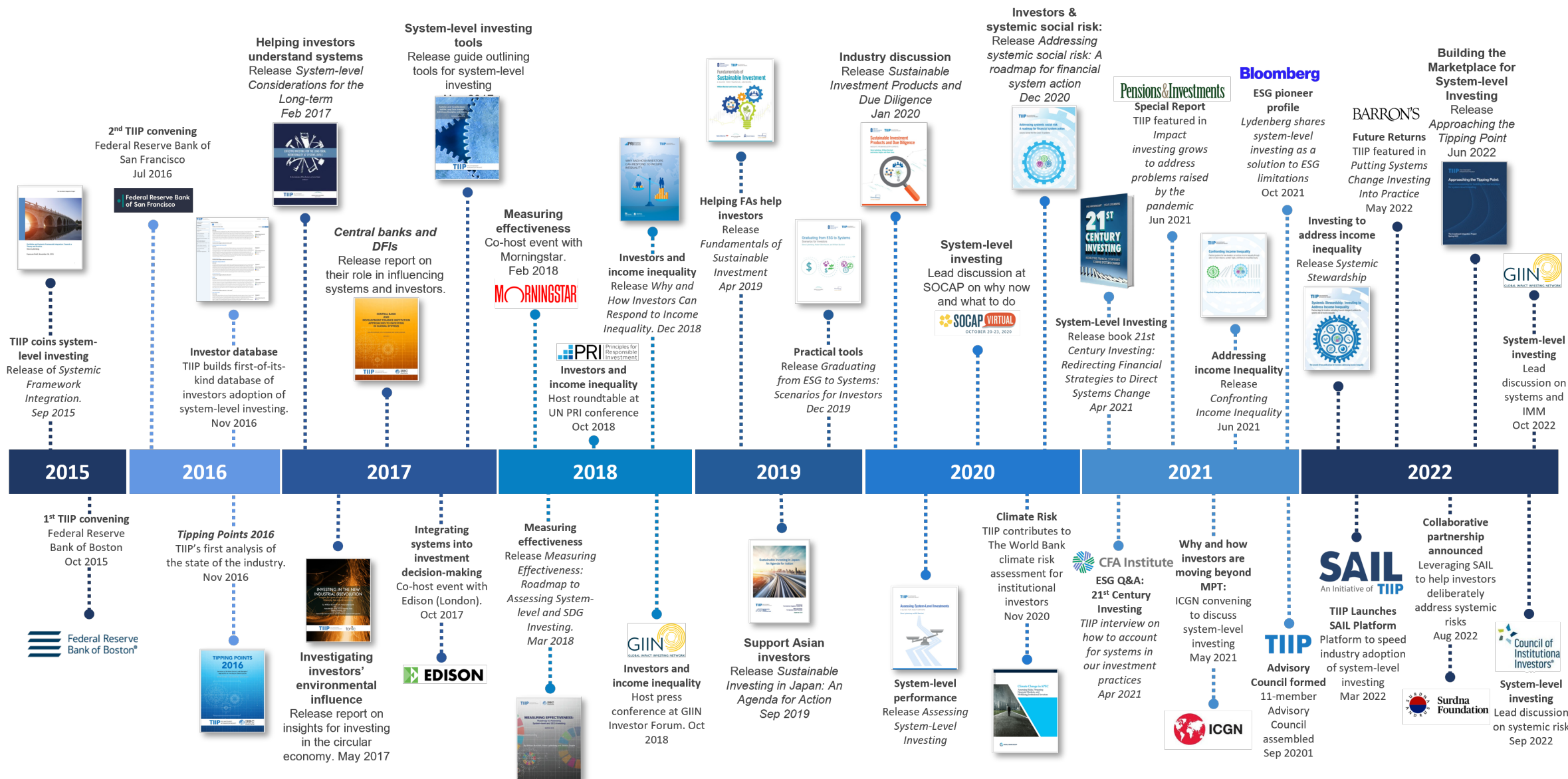
Governance solutions

Assist asset owners in evaluating their fiduciary performance and identify governance, regulatory, risk, policy, and operational process improvement priorities. Conducts fiduciary reviews (including drafting of governing documents), operational planning, and other consulting such as creation of customized RFPs and conducting advisor searches, and development of investment beliefs and policies. Facilitate and deliver bespoke Board/Trustee training sessions.

Measurement & reporting

Assess for clients the impact of programs and projects using internationally recognized standards and indicators and help clients to develop impact measurement frameworks for assessing new projects. This service includes: reporting best practices; benchmarking of reporting; benchmarking impact within each sector; mine historical data where available, track into the future and create longitudinal data; drafting of analysis; and presentation (document and presentation) of analysis.

TIIP's body of Research



Formed in response to specific market dynamics

The social and environmental challenges of the 21st century are new, different, and fundamentally destabilizing.

- Many of these challenges are systemic in nature; they are complex, interconnected global issues with multiple contributing factors. They impact entire societies and economies and threaten the global financial system and long-term investment returns across all asset classes.

While the drivers of these challenges are many and complex, one thing is clear: the financial industry is part of the problem.

- Many investors' strategies, for example, are grounded in Modern Portfolio Theory (MPT), central to which is a focus on short-term goals (e.g., beating stock benchmarks, generating the greatest returns in the shortest time possible).
- Such short-termism—short-term focus on price and efficiency—can impede investors (and the corporations that they invest in) from appropriately considering long-term social risks and opportunities to create long-term value.

System-level investing can help

Fortunately, the financial industry can also be part of the solution—it can adopt “system-level investing.”

- System-level investing guides investors in intentionally managing the scope and scale of their impact and influence on systemic challenges and on social, environmental, and financial systems more broadly toward the goals of:



Minimizing
long-term
systemic risks



Capitalizing on
related
opportunities
for long-term
value creation



Building resilient
systems
that support
investments
across all asset
classes



Promoting
global well-
being

THE TURNKEY SOLUTION (SAIL) AND THE COHORT EXPERIENCE

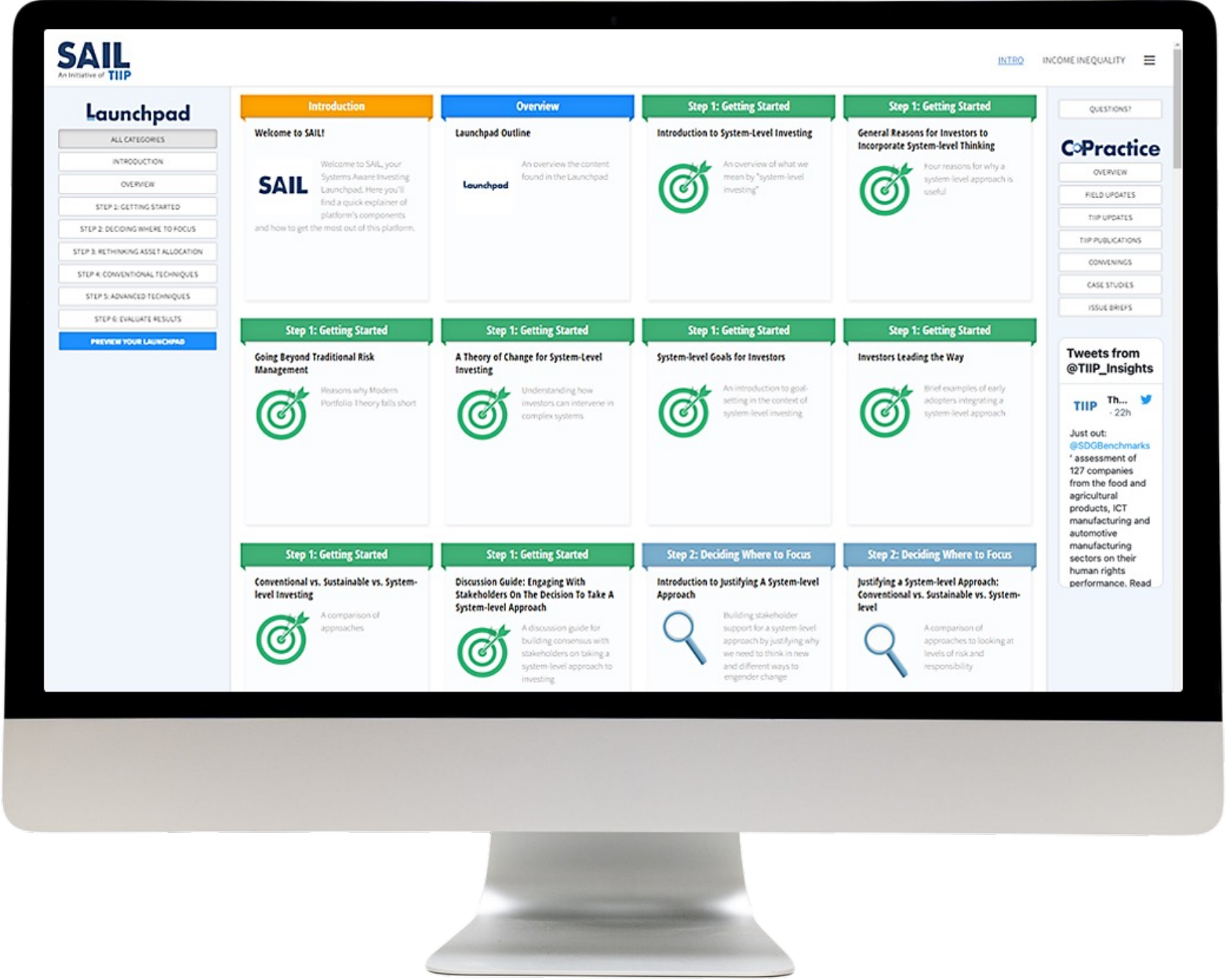


SAIL: Launchpad + CoPractice

SAIL (Systems Aware Investing Launchpad) is a turnkey solution – a web-based “one-stop shop” for answers to fundamental questions about system-level investing and for practical system-level investing tools that includes:

Launchpad **CoPractice**

- Designed to respond to findings from TIIP’s 2021 market research—namely, that investors want to pursue system-level investing but need decision useful tools related to the what, why, and how of doing so.
- SAIL currently includes tools and guidance for asset owners on launching a new system-level investing strategy through “101” level resources to guide investors in developing their system-level investing programs, policies, and practices.



Launchpad

- ALL CATEGORIES
- INTRODUCTION
- OVERVIEW
- STEP 1: GETTING STARTED
- STEP 2: DECIDING WHERE TO FOCUS
- STEP 3: RETHINKING ASSET ALLOCATION
- STEP 4: CONVENTIONAL TECHNIQUES
- STEP 5: ADVANCED TECHNIQUES
- STEP 6: EVALUATE RESULTS
- PREVIEW YOUR LAUNCHPAD**

Introduction

Welcome to SAIL!

Welcome to SAIL, your Systems Aware Investing Launchpad. Here you'll find a quick explainer of platform's components and how to get the most out of this platform.

Overview

Launchpad Outline

An overview of the content found in the Launchpad

Step 1: Getting Started

Introduction to System-Level Investing

An overview of what we mean by "system level investing"

Step 1: Getting Started

General Reasons for Investors to Incorporate System-level Thinking

Four reasons for why a system-level approach is useful.

Step 1: Getting Started

Going Beyond Traditional Risk Management

Reasons why Modern Portfolio Theory falls short

Step 1: Getting Started

A Theory of Change for System-Level Investing

Understanding how investors can intervene in complex systems

Step 1: Getting Started

System-level Goals for Investors

An introduction to goal-setting in the context of system-level investing

Step 1: Getting Started

Investors Leading the Way

Brief examples of early adopters integrating a system-level approach

Step 1: Getting Started

Conventional vs. Sustainable vs. System-level Investing

A comparison of approaches.

Step 1: Getting Started

Discussion Guide: Engaging With Stakeholders On The Decision To Take A System-level Approach

A discussion guide for building consensus with stakeholders on taking a system-level approach to investing

Step 2: Deciding Where to Focus

Introduction to Justifying A System-level Approach

Building stakeholder support for a system-level approach by justifying why we need to think in new and different ways to engender change

Step 2: Deciding Where to Focus

Justifying a System-level Approach: Conventional vs. Sustainable vs. System-level

A comparison of approaches to looking at levels of risk and responsibility

QUESTIONS?

Co-Practice

- OVERVIEW
- FIELD UPDATES
- TIP UPDATES
- TIP PUBLICATIONS
- CONVENINGS
- CASE STUDIES
- ISSUE BRIEFS

Tweets from @TIIP_Insights

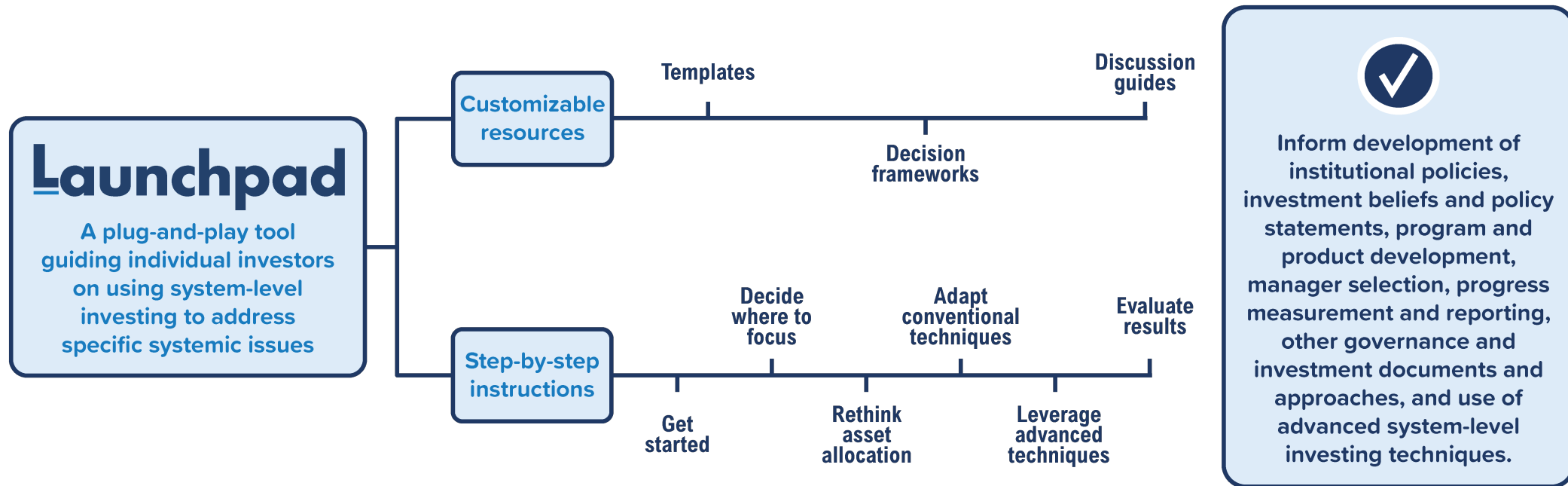
TIIP Th...
· 22h

Just out: @SDGBenchmarks' assessment of 127 companies from the food and agricultural products, ICT manufacturing and automotive manufacturing sectors on their human rights performance. Read

Launchpad

Launchpad is a first-of-its-kind, web-based, plug-and-play solution that guides investors in launching or refining their system-level investing approaches.

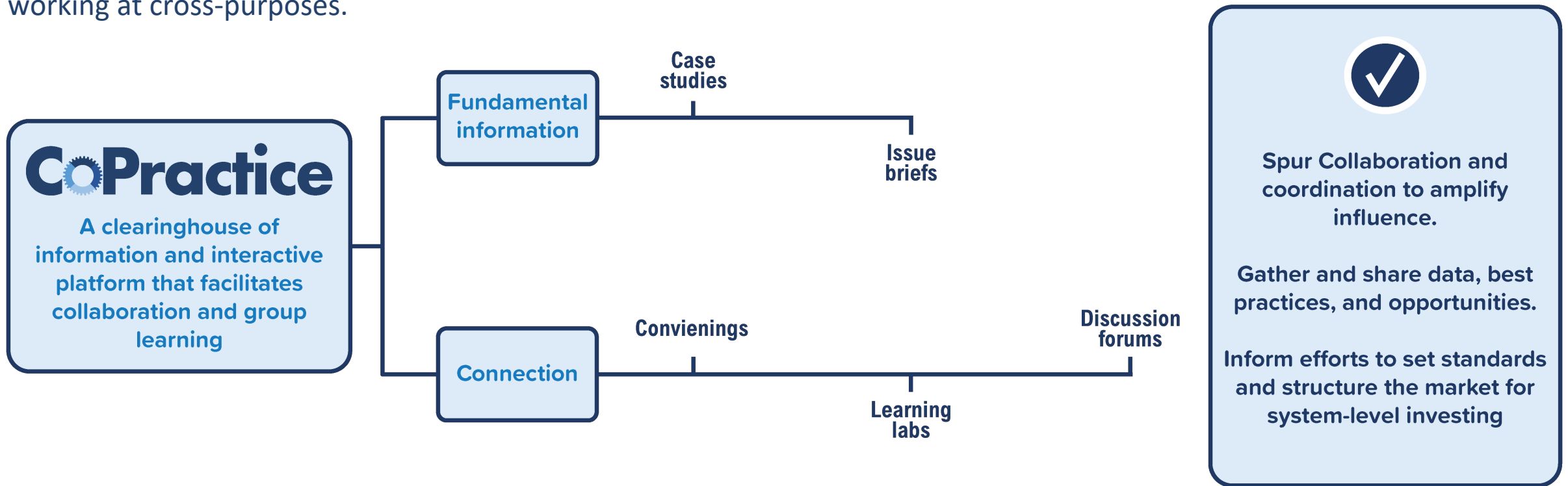
- It equips investors with the knowledge and tools to prepare to adopt system-level investing, position themselves to influence change, and pursue any number of activities to bring that change to fruition. SAIL's *Launchpad* offers a framework for investors to decide which facet(s) of systemic issues to focus on and which tactics and strategies to deploy.



CoPractice

TIIP's Community of Practice (CoPractice) provides *the* clearinghouse of information and support related to system-level investing, helping investors to:

- 1) Establish a shared vision of system-level investing.
- 2) Identify system-level investing examples, key events, and developments.
- 3) Provide periodic assessments to gauge knowledge base, collaboration, and differences in investment strategy engagement.
- 4) Discuss gaps/hurdles that can be addressed through TIIP and other resource providers.
- 5) Avoid working at cross-purposes.



In the first iteration, SAIL will **guide investors** in the development and refinement of system-level investing approaches, generating related market activity and supporting widespread adoption of system-level investing **over time.**

Inaugural Cohort: By invitation

The inaugural cohort will embark on a 6-month learning journey beginning in June 2023.

- Cohort participants will become equipped to be the system-level investing champions at their respective institutions as they learn:
 - *what* it means to manage system-level risks and rewards;
 - *why* it is imperative to do so now; and
 - *how* to integrate this new way of thinking into current investing practice
- Each month the cohort participants will join a 1hr interactive virtual meeting on the first Wednesday of each month at 10am PT / 1pm ET / 7pm CET
- Participants will have access to an optional Slack channel to connect and exchange resources.
- At the end of the journey, participants will receive a certificate of cohort completion in December 2023.

Inaugural Cohort Timeline

	COHORT MEETING DATES						
	Jun 7	Jul 5	Aug 2	Sep 6	Oct 4	Nov 1	Dec 6
Learning Journey							
Module 1: SAIL platform orientation and <i>the what</i> and <i>the why</i> of system-level investing	█						
Module 2: Deciding which systemic risk(s) to focus on and building stakeholder support for the decision		█					
Module 3: How to think about asset classes through the lens of their utility in addressing systemic risks			█				
Module 4: How to extend conventional techniques to the system-level				█			
Module 5: Defines the 10 “advanced techniques” used by system-level investors to advance system-level goals					█		
Module 6: The difference between conventional, sustainable and system-level approaches to evaluating results						█	
Module 7: Discussion of what might be required to “build the marketplace” for system-level investing and “graduation”							█

Self- assessment questions

After working through the materials associated with each Module, cohort participants will ask themselves the following questions, to be discussed during the monthly meetings:

- What resonated most with you in this month?
- Where did you find yourself in need of more or different information either due to the specific needs of your organization type or your organization's unique perspective?
- What do you understand differently about systems or investing as a result of your learning?
- With whom are you most interested in sharing what you learned in this month?

Application

Is there one idea from your readings you can apply to your practice immediately?

Still Pondering

After your readings, what is one question you are still thinking about?

**NEW PRODUCTS BEING
BROUGHT TO THE SAIL
EXPERIENCE SOON!**

Coming soon!

Market Intelligence Products

Widespread adoption of system-level investing and the ability to build the marketplace for the approach depends largely on ensuring that investors can effectively measure and evaluate systemic considerations related to asset managers and fund managers and can effectively measure progress toward achievement of their system-level investing goals.

- To equip asset owners with the market intelligence needed to evaluate their new and ongoing system-level investing approaches (including vis à vis their peers) and to evaluate the system-level investing efforts of existing and prospective asset managers TIIP will relaunch and refine two additional products:



Benchmark



**System-level
Investing Score**

Benchmark

Fundamental questions related to the quality of an investor's system-level investing approach answered in Benchmark profiles

Does the investor articulate beliefs or principles that are clear, actionable, inspirational, and adaptable to be effective?

Investors should be able to discuss their beliefs about social or environmental systems in the context of value creation, risks and opportunities, and their ability to influence the system's evolution. The investor's stated beliefs also serve as a "north star" that can guide investors assessment of the investor's consistency over changing circumstances.

Can the investor justify why they focus on specific systemic issues?

Like the justification that investors consider in focusing on a particular systemic issue, investors should be able to describe the rationale for their focus to reassure that their interests are not solely personal, political, or otherwise secondary.

Has the investor chosen appropriate places to exert influence?

Complex systems have influence of varying degrees. Savvy investors will select places to exert influence that suit their unique skills and resources and maximize their potential to have positive influence on the system. Investors should be prepared to discuss with investors why they have made the leverage point decisions that they have.

Has the investor chosen techniques designed to create impact at the system-level, and is there evidence that the techniques have been applied skillfully?

An investor's assessment of the place most likely to introduce change to a system as well as their ability to apply thoughtful and effective techniques to that leverage point will be important to their ability to actually have positive impact. Investors with good intentions but lacking evidence of skillful application of system-level investment techniques are less likely to be successful.

Have the investor's actions generated desirable outcomes?

Because systemic change usually occurs over a long time horizon, investors should look for evidence of positive, perhaps incremental contributions or progress by an investor to achieving positive systemic impact.

To recap, TIIP's Benchmark database will:



Help investors develop a comprehensive understanding of their system-level investing approaches vis a vis their peers



Enable asset owners to conduct comprehensive due diligence of existing and prospective asset managers and



Enable and foster healthy competition between investors, "raising the bar" for system-level investing across the financial industry over time.

System-level Investing Score

Score: 5

Levels 1, 2, 3, and 4 + integrates system-level investing across all conventional investment activities, adopts various advanced techniques in a mutually reinforcing way, and measures progress toward the achievement of system-level investing goals.

Score: 4

Levels 1, 2, and 3 + integrates system-level investing across most conventional investment activities, adopts various advanced techniques, and measures progress toward the achievement of system-level investing goals.

Score: 3

Levels 1 and 2 + clearly and formally articulates the importance of considering a systemic challenge as part of an investment belief statement or policy and engages in multiples activities—adaptation of a conventional investment activities and integration of an advanced techniques—to intentionally influence the issue.

Score: 2

Level 1 + acknowledges the systemic nature of environmental and social issues and their interconnection with the financial industry and engages in at least one activity—adaptation of a conventional investment activity or integration of an advanced technique—to intentionally influence a systemic issue.

Score: 1

Addresses environmental and social challenges using sustainable investing approaches (i.e., ESG integration, impact investing) but does not intentionally address the systemic nature of such challenges.

To recap, TIIP's System-level Investing Score will support widespread adoption of system-level investing and the building of the marketplace for the approach in three primary ways:

1

Provide the industry with intelligence and perspective on the latest trends in system-level investing,

2

Enable investors to gauge their system-level investing efforts – relative to their peers and absolutely over time, and

3

Provide asset owners with the first-ever systemically-generated and decision-useful assessment of asset managers' adoption of system-level investing to be used as part of manager selection and ongoing due diligence.

**To request consideration
for an invitation to the cohort
or to learn more
contact:**

**Monique Aiken, maiken@tiiproject.com
or setsail@tiiproject.com**