

KLD CELEBRATES 20 YEARS OF SOCIALLY RESPONSIBLE INVESTING (SRI) RESEARCH LEADERSHIP

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KLD created the first SRI index and maintains largest portfolio of research, indexes and compliance products for individual and institutional investors worldwide

Boston, MA, **DATE**, 2008 – KLD Research & Analytics, Inc. of Boston, MA, is proud to mark its 20th year of leadership in socially responsible investing (SRI). Since 1988, KLD has helped transform SRI from a niche offering into a comprehensive risk-management investment model – the fastest growing field of investments worldwide.

Today, 31 of the top 50 institutional money managers worldwide use KLD research to integrate environmental, social and governance (ESG) factors into their investment decisions. More than 400 of the largest institutional investment firms and managers rely on KLD research products. KLD helps market leaders like TIAA-CREF and pension funds such as CalPERS serve their clients' demand for detailed ESG risk analysis.

For 20 years, KLD has grown with the industry, developing research tools that enable investors to delve deeply into how corporations manage ESG performance. Now KLD is sharing our unique perspective at a special section of our website:

www.kld.com/about/20years

Our 20th Anniversary Retrospective includes:

- A discussion with **Thomas Kuh**, Managing Director of KLD Indexes, of SRI's growth and development and the thinking behind KLD's research.

- **Interviews with seminal SRI leaders** including:

Laura Berry

Executive Director, Interfaith Center on Corporate Responsibility
Past Vice President, SSB Citi Asset Management

Shelley Alpern

Director, Social Research and Advocacy, Trillium Asset Management
2005 SRI Service Award Recipient
Rachel Carson Advocacy Award Recipient

Lloyd Kurtz

Senior Portfolio Manager, Nelson Capital
Research Fellow, UC-Berkeley
Program Administrator, Moskowitz Prize
KLD Research Analyst, 1991-1995

Eric Fernald

KLD Director of Research

Elizabeth Horan Edgerly

KLD Senior Research Analyst

- **A timeline** of milestones in the history of SRI and KLD.

As our Retrospective makes clear, socially responsible investing has grown in response to the most pressing global trends and crises of the last 20 years. Climate change, concerns over human rights conditions in countries such as Sudan, and the recent market meltdown have all commanded public attention. As a result, investors have demanded greater scrutiny of how corporations conduct business, and their impact on all stakeholders.

Over \$2.3 trillion in assets is now invested according to SRI principles, and from 2005-2007, SRI assets increased more than 18 percent while total professionally managed assets increased less than 3 percent. [Source: Social Investment Forum]

In light of the current financial crisis, many see SRI as an antidote to a myopic, short-term approach to investing.

“SRI is not charity,” says KLD President and co-founder Peter Kinder. “Investors cannot accurately assess risk without studying how companies treat their workers, customers, community and the environment.

“If there’s a lesson to be learned from current events, it’s that looking beyond this quarter’s results is a necessity. We’re pleased to support a deeper, longer-term approach to investment analysis.”

SRI is a notable bright spot in financial services, and KLD is an indispensable partner in this growth.

KLD Created the SRI Research Sector

For 20 years – before any other firm marketed socially responsible investment research – KLD has made the case for systematic analysis of non-financial corporate performance.

“When KLD opened its doors in 1988, many were wary of socially responsible investing,” says Peter D. Kinder, President and co-founder of KLD. “It was argued – without any evidence – that screened portfolios would sacrifice returns. It was also argued that trustees who considered non-financial performance criteria would violate their fiduciary duties.”

To counter these misconceptions with hard data, KLD created the Domini 400 Socialsm Index (DS400) in 1990. The DS400, which tracks the S&P 500, was the world’s first index to benchmark the performance of an equity portfolio that is screened for corporate performance on SRI issues.

“The DS400 changed how companies define corporate social responsibility, and it established a benchmark; it generated risk and return information that nobody had before.” explains Thomas Kuh, Managing Director of KLD Indexes. “It also proved that SRI portfolios could match – and even out-perform – investment strategies that disregard the consequences of corporate behavior.”

KLD’s Products Keep Pace with Institutional, Individual Demands

Since 1988, KLD’s research staff has grown from 1 analyst to more than 50. KLD’s researchers are organized into sector-specific teams that gather data from a wide variety of company, government, non-government organization and media sources. KLD tracks more than 10,000 global media sources daily.

KLD integrates this data into SOCRATES, a dynamic research database that profiles more than 3,000 companies worldwide. Each company’s performance is measured through a scoring system of over 280 separate data points.

To put this research to work for our clients, KLD offers a broad portfolio of analytical tools:

- **Indexes:** In addition to the DS400, KLD Indexes include other benchmarks such as the Broad Market Social Index (based on the 3,000 largest US equities) and strategy indexes like the Global Climate 100 (which supports companies that take a leading role in mitigating climate change).
- **Compliance:** When investors wish to divest from certain markets (like Iran or Sudan) or avoid certain business sectors (such as tobacco or firearms), advisors must evaluate corporate involvement in those areas. KLD's Compliance service enables managers to seamlessly integrate investment restrictions into their evaluations.
- **Consulting:** Institutional investors, money managers, faith-based groups, and not-for-profit institutions rely on KLD Consulting when they need expert assistance applying social and environmental investment mandates. Consulting products and services are tailored to specific client needs.

The Future of SRI: KLD's New Global Reach

"The next big thing is already here," as KLD President Peter D. Kinder has said. "The globalization of SRI portfolios is a logical response to market conditions." Investors both in the U.S. and abroad are looking beyond their borders for new opportunities, and KLD is ready to meet this growing demand.

KLD's new Global Research Platform, to be released during 2009, will offer unsurpassed functionality to managers, analysts, and investors:

Expanded Global Coverage

- Universe of 1600 global companies covered in this new fashion. Of those, 1000 are non-US companies.
- Non-US coverage by regional partners with local expertise

More Precise Performance Measurement and Scoring

- Bond-style ratings to reflect analysis in 9 separate categories
- Numerical scores that offer unmediated performance assessment

User-customized Ratings, Reports, Priorities

- Industry-specific performance reports
- Clients/Investors can create custom ratings based on issues of interest

Since 1988, socially responsible investing has become a mainstream concern. SRI issues such as environmental protection and corporate governance are no longer fringe issues – they are attracting attention from stakeholders at every level of society.

KLD is uniquely able to support and promote the growth of SRI; no other research provider has done so much to integrate environmental, social and governance criteria into the world's investment priorities.

About KLD Research & Analytics

KLD Research & Analytics, Inc. is the leading authority on sustainability research and indexes for institutional investors.

Since 1988, institutional investors, managers, trustees, consultants and advisors have depended on the quality and expertise of KLD. Today, 31 of the top 50 institutional money managers worldwide use KLD's research to integrate environmental, social and governance factors into their investment decisions.

Featuring one of the largest independent corporate research staffs in the world, KLD provides performance benchmarks, corporate accountability research and consulting services.

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