

## 2008 Charles R. Schwab IMPACT Award® Winner

**Joan Bavaria**  
**President and CEO**  
**Trillium Asset Management Corporation**  
**Boston, Massachusetts**

As an investment officer at Bank of Boston in the 1970s, Joan Bavaria got a solid on-the-job education in financial management. But when she moved to a small advisory firm, she found some of her clients less interested in financial returns than in the values of the companies in which they were investing. They asked her about the companies' environmental practices, charitable giving, corporate ethics, even their treatment of their employees. Bavaria found that answers weren't readily available.

"On my own, I began answering those questions for clients," Bavaria says. "And eventually I began to believe there were enough people who had these concerns that we might create a company dedicated to serving these clients."

That company, Trillium Asset Management Corporation, is now more than 25 years old. The firm currently manages more than \$1 billion for 500 clients, of whom nearly 70 percent are individuals. Many others are religious or nonprofit organizations.

The firm has a staff of 41 in four offices: Boston, Durham, San Francisco and Boise. And Bavaria, its founder, president and CEO, has collected honors far and wide for environmental leadership, entrepreneurial excellence and community outreach. *Time* magazine once called her "a hero for the planet."

Bavaria didn't foresee that Trillium would start a movement. "It was really an effort to answer clients' needs and try to find information so they could invest in a portfolio that felt good to them and made money at the same time," she says.

### **A New Way to Look at Returns**

Trillium is the oldest and largest independent investment advisor devoted exclusively to socially responsible investing. A quarter-century ago, there was no popular term for what the company was doing. At that time, many considered socially responsible investments a poor choice for a portfolio, because they limited investment options and often meant lower returns. But, Bavaria says, "It's become a lot more sophisticated. We use everything from exchange-traded funds to mutual funds to a longer list of stocks, and we're very careful to calibrate the risk of the portfolio against indices."

In addition, Trillium's extensive screening and research help clients leverage the power of their assets to effect positive social change. Tactics include shareholder advocacy (conversations, not confrontation), proxy voting and public policy involvement. Trillium also uses an asset class called community-based investments, which encompasses loans to nonprofit groups, community loan funds and community development banks that help provide capital to historically underserved sectors of society domestically and abroad. Clients receive quarterly reports that not only detail investment activity and performance but also provide an update on Trillium's social advocacy.

Today, socially responsible investing is undeniably mainstream. It now accounts for one of every nine dollars under professional management in the United States. Trillium and Bavaria deserve much of the credit.

### **A Catalyst for Social Change**

Bavaria's mission extends beyond her own firm. She has worked to increase the ability of other investment professionals to serve clients with social and environmental goals through public speaking, mentoring and writing. The firm also helped develop methods for advisors to analyze community-based investments in ways that meet Wall Street regulatory considerations.

In addition, Bavaria helped found two organizations that have expanded the field of socially responsible networking. The Social Investment Forum is a trade association that educates advisors on mission-based and community investing. Ceres is a coalition of investors, environmental groups and other public interest organizations working with companies to address sustainability challenges, such as global climate change.

Ceres has spawned two more organizations: the Amsterdam-based Global Reporting Initiative, which is developing a framework for organizations to disclose their sustainability performance, and the Investor Network on Climate Risk, based at the United Nations, which promotes understanding of the financial risks and investment opportunities posed by climate change.

Bavaria has also made a difference as a model for women working as financial advisors. She was one of only a handful 25 years ago; today, some 30 percent of financial advisors are women. And women are recognized as serious investors. "In the beginning there was a lot of patronizing of women by the male establishment," Bavaria says. "I don't see that anymore."

### **A Model Company**

Trillium strives to set an example for other businesses. "I've always thought, especially considering what we're trying to do with our socially responsible work, we needed to be very honorable ourselves," Bavaria says. "If we are asking a company to do something, we are scrupulous about doing it ourselves."

For example, the highest-paid Trillium executives earn three to four times the average employee compensation, a much smaller gap than is found at some firms. The company is employee-owned, and, although Bavaria isn't leaving any time soon, two successors have begun transitioning to greater responsibilities.

Bavaria, who says she has long admired Schwab for its meticulous compliance procedures, finds special pleasure in receiving the Charles R. Schwab IMPACT Award. "I've always wanted to be considered a real, legitimate purveyor of services that do well by the client and build a company that is excellent in every way we could make it," she says. "This award comes from the industry, and it means so much."

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