







## The Ten Tools of Intentionality: Defined

These tools — described below — represent specific pathways through which investors can bridge the gap between daily portfolio management decision-making and systems-level investing. Investors use these tools intentionally because the portfolio-level discipline of efficiency alone does not naturally lead them to do so. Through each of these ten tools, investors manifest their concerns about risks and rewards at systems levels and facilitate impact in a variety of ways.

	<p><b>Additionality</b> is the intentional decision to pursue investments that provide access to finance to the underserved and address unmet environmental or social needs. Through this approach, investors seek to enhance the resilience and stability of overarching environmental, societal, and financial systems by addressing social inequalities and social and environmental market failures and, in doing so, increase opportunities for the investment market.</p>
	<p><b>Diversity of Approach</b> is the intentional decision to utilize a diverse range of investment tools to address complex systems-level environmental and social concerns. For asset owners this means adopting a broad variety of approaches to addressing single systems-level considerations. For asset managers it means creating multiple investment options for clients concerned with the systems relevant to their investment objectives, increasing investors' influence on complex systems through multiplicity of initiatives.</p>
	<p><b>Evaluations</b> is the intentional decision to value the difficult-to-price aspects of environmental, societal and financial systems that generate potential long-term wealth creation, societal and environmental value, and investment opportunities. Using this approach, investors think beyond quantifiable price and evaluate the potential of these aspects of systems to provide the stability and predictability necessary to create a fertile field of such opportunities.</p>
	<p><b>Interconnectedness</b> is the intentional effort by investors to increase the flow of information and communications about environmental, societal and financial systems among peers and with clients and the public at large. Through Interconnectedness, investors not only seek to increase the amount, but also the effectiveness of these information flows on systems. In doing so, this approach recognizes the importance of having a shared knowledge base to manage common-pooled sources of wealth creation and in avoiding a “tragedy of the commons.”</p>
	<p><b>Locality</b> is the intentional decision to make investments that strengthen the environmental or societal systems within a given geographic area—be that a city, state, region or country. Such investments can simultaneously generate economic growth within a region and enhance its resilience and sustainability through support of interrelated enterprises. This approach seeks competitive short-term returns that also build a foundation for future investment opportunities in the long term.</p>
	<p><b>Polity</b> is the intentional engagement by investors in public policy debates with the goal of creating stronger, more resilient financial, environmental or societal systems. This approach seeks to use the rules and regulations established by government to effectively enhance the environmental social and financial systems creating a rising tide for all investors and devising market mechanisms that facilitate investors' ability to positively impact these systems.</p>



**Self-Organization** is the intentional decision by investors to create on-going organizational structures that build the capacity of the investment community to address systems-related considerations and strengthen the overall resilience of the financial system. This approach seeks to assist the industry in the development of its members, individually and collectively, to effectively influence the systems within which they operate.



**Solutions** is the intentional decision to pursue investments that can solve societal and environmental challenges in ways that support the stability and enhancement of environmental, societal and financial systems. This approach seeks to identify investment opportunities that not only profit from the most pressing systems-level challenges of the day but also that resolve them positively. A Solutions approach can fundamentally alter the nature of systems, creating versions of these systems with more positive dynamics and more extensive investment opportunities.



**Standards Setting** is the intentional decision by investors to establish standards that discourage investments in corporations, industries and countries with practices that violate broadly accepted standards or norms, or to contribute to the development of such standards. This approach aims to avoid crises of trust in the financial community that can arise when its members take actions that undercut societal, environmental or financial systems-level norms. At the same time, it seeks to lend legitimacy to financial institutions through the implementation of higher standards. In doing so these standards can help strengthen the overall systems themselves and assure their long-term viability as a source of wealth creation.



**Utility** is the intentional decision to maximize the alignment of the specific investments within a portfolio's asset classes with the societal functions that these asset classes were designed to serve. This approach assumes that the characteristics of, and market for, each asset class differ because they serve distinct societal functions. For example, investors use public equities to actively participate in various ways in sharing in the private wealth generated by large corporations; fixed income typically provides low-risk opportunities to allocate assets to a range of government initiatives that create those public goods not easily served by private markets; venture capital allows high-risk investments in disruptive products and services; and so on. Utility seeks to enhance the effective functioning of asset classes within the overall financial system—a system that depends on a diversity of differently structured financial products to serve a variety of social and environmental needs.