

ESG Diversification

A plan sponsor conducts an online RFP to help meet its mission

The practice of investing in companies that meet environmental, social and governance (ESG) criteria in their operations is slowly growing in popularity. While this is most apparent in the nonprofit space, corporations are beginning to embrace it as well.

At designer and apparel retailer EILEEN FISHER, the investment committee for the 401(k) plan wanted to increase the plan’s exposure to ESG fundamentals in its investment lineup. The plan already had four ESG funds on its menu, yet the company was interested in evaluating those funds and perhaps adding others. The committee members realized that they needed guidance.

A year ago spring, Pamela Yip, director of benefits and human resource (HR) operations, embarked on a search for an adviser with experience in, among other things, the ESG investing space.

“Every experience at EILEEN FISHER communicates the company values, and that’s very apparent in our benefits offerings to our employees,” Yip says. “Increasing the amount of socially responsible investment [SRI] options in the 401(k) reflects those values. We wanted someone to offer us more guidance and to take a deeper dive into ESG investing.”

Six firms were invited to submit proposals, through InHub, an online request for proposals (RFP) management technology company. The firms included the incumbent, a few from InHub’s adviser platform, and several that the plan committee had identified through B Lab, an organization that certified EILEEN FISHER as one its global community of for-profit companies that meet standards of verified, overall social and environmental performance.

The RFPs were issued that July 12 and were due back shortly after, on August 4—a timeline agreed upon by Yip and



Pamela Yip, director of benefits and HR operations, EILEEN FISHER

InHub. Yip says, “The platform allowed committee members to review the proposals using a shared, centralized document with side-by-side comparisons; that enabled reviewers to make notes, and I was able to flag points I had additional questions about.”

Based on the review, three firms were invited to participate in finalist presentations later in the month, after which EILEEN FISHER hired Fiduciary Investment Advisors (FIA) of Windsor, Connecticut.

FIA brought to the table in-depth research on the ESG approach used for each fund the design firm was considering —i.e., negative screening, proactive investment and qualitative assessment, Yip says. “There are a whole host of funds that are considered socially responsible, but the definition is broad, and just because a fund is considered socially responsible doesn’t mean it’s

aligned with our company values.”

With FIA’s help reviewing the screening criteria, EILEEN FISHER replaced three of the four ESG funds in its plan. The plan now includes the TIAA-CREF Social Choice Bond, Vanguard FTSE [Financial Times Stock Exchange] Social Index Fund, Walden Small Cap and DFA US Sustainability Core 1.

“We needed to get a deeper understanding of the underlying investments and what the funds stand for,” she says. “For instance, some ESG funds just exclude certain things such as guns; then there are some that are more proactive. FIA helped us navigate all that and also, from a fiduciary lens, evaluate if they were still the best funds—both as ESG funds and from a performance perspective.”

“In addition, with FIA we are able to engage our social consciousness team in this process,” she notes.

—Judy Faust Hartnett

SNAPSHOT

PLAN SPONSOR	KEY PLAYER	PARTICIPATION RATE	AVERAGE DEFERRAL RATE	PARTICIPANTS	TOTAL ASSETS
EILEEN FISHER	Pamela Yip, director of benefits and HR operations	96%	8%	1,153	\$82 million