



Independent Research and Indexes since 1988

**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 institutional investors; 20th Anniversary Retrospective available at www.kld.com

Boston, MA, December 11, 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.

During our 20th year, KLD has expanded our research coverage in preparation for the launch of a new global research platform. KLD Indexes and global index leader FTSE have also announced a strategic partnership to offer a comprehensive suite of co-branded environmental, social, and governance (ESG) indexes.

To help mark our anniversary, KLD has sought the perspectives of SRI thought leaders on the evolution of our company, and our industry. Now KLD is sharing these insights at a special section of our website: www.kld.com/about/20years

Since the founding of KLD, the non-financial performance of corporations has become a mainstream concern. Today, 31 of the top 50 institutional money managers worldwide use KLD research to integrate 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.

Our 20th Anniversary Retrospective includes:

- A discussion with **Thomas Kuh**, Managing Director of KLD Indexes, of SRI's growth and development and how KLD has adapted to changes in the marketplace.
- **Interviews with 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
KLD Research Analyst, 1995-present

Elizabeth Horan Edgerly

KLD Senior Research Analyst
KLD Research Analyst, 1993-present

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

Sustainability is Now a Global Priority

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. *Sustainability* – an approach to business that seeks to meet present needs without compromising future generations' quality of life – is a global priority.

Over \$2.7 trillion in assets was invested according to SRI principles in 2007, 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, <http://www.socialinvest.org>]

KLD Supports Long-Term Thinking, Strategic Risk Management

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

“SRI is not charity,” says KLD President and co-founder Peter D. 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.”

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 corporate performance across a range of ESG issues.

“When KLD opened its doors in 1988, many were wary of socially responsible investing,” says Peter Kinder. “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 Social 400sm Index (DS400) in 1990. The DS400 was the world’s first index to benchmark the performance of an equity portfolio that is actively 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. “Not surprisingly, it also proved that SRI portfolios could match – and even out-perform – investment strategies that disregard the consequences of corporate behavior.”

KLD Provides Comprehensive Database, Customized Analytical Tools

Since 1988, KLD’s research staff has grown from 1 analyst to nearly 30. 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 continuously tracks more than 14,000 global media sources.

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’s 21 indexes include benchmarks such as the KLD Broad Market Social Index series (based on the 3,000 largest US equities) and the KLD Global Sustainability Index series; fixed income indexes in the KLD U.S. Corporate Bond Index series; and strategy indexes like the KLD Global Climate 100 Index and the KLD/Jantzi Global Environment Index series.
- **Compliance:** When investors wish to divest from certain markets (like Iran or Sudan) or avoid certain business sectors (such as tobacco or firearms), managers must evaluate corporate involvement in those areas. KLD’s Compliance service enables investors 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 1,750 global companies covered in this new fashion. Of those, 1,250 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 5 separate categories.
- Numerical scores that offer objective performance assessment.

User-customized Ratings, Reports, Priorities

- Industry-specific performance reports.
- Tear sheets that highlight most frequently used indicators.
- Clients/Investors can create custom ratings based on issues of interest.

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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 benchmark indexes, corporate accountability research and consulting services.

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