**Vision**

“Diverse and dynamic Bay Area Jewish communities, deeply engaged in Jewish life and doing good locally, in Israel, and around the world.”

**Values**

<table>
<thead>
<tr>
<th>Building community</th>
<th>Taking care of the needy</th>
<th>Pursuing justice</th>
<th>Repairing the world</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>(kehilla)</em></td>
<td><em>(tzedakah)</em></td>
<td><em>(tzedek)</em></td>
<td><em>(tikkun olam)</em></td>
</tr>
</tbody>
</table>

**For our Donor-Advised Fund Investments:**

“ESG” is our strategy for measuring and managing our donor-advised fund investments toward our values.
How investments can affect our world

- Carbon footprint
- Clean energy solutions
- Corporate stewardship
- Community development
The JCF portfolio is constructed to align as closely as possible with donors’ values.

**Environmental**
- Climate Change
- Energy Efficiency
- Waste & Pollution
- Water & Resource Scarcity

**Social**
- Health & Safety
- Labor Practices
- Gender & Diversity
- Data privacy & security

**Governance**
- Audit Quality
- Board Structure
- Executive Compensation
- Shareholder Rights

**Jewish Values**
- Support for Israel
- Protecting workers
- Caring for environment
- Obligation to Ethical Business
Benefits of ESG investment strategies

- Align investments with philanthropic goals
- Align investments with Jewish values
- Support positive social and environmental impacts
- Invest with similar cost as non-ESG investments
- Get ahead of the mainstream shift to ESG
- Potentially reduce risk and improve investment returns
Our Federation’s DAF investment pools

- 3 of our DAF investment pools fully use ESG, and represent nearly half our DAF investments:
  - JLens Jewish Advocacy Pool
  - Long-Term Pool
  - Moderate-Term Pool

- 3 of our DAF investment pools do not use ESG:
  - Long-Term Passive Pool
  - Moderate-Term Passive Pool
  - Short-Term Pool

Percent of JCF’s DAF Investments by Pool

- JLens, 5%
- Long-Term Pool, 31%
- Long-Term Pool, 10%
- Moderate-Term Passive, 1%
- Moderate-Term Passive, 9%
- Short-Term, 44%
Our investment pools’ values alignment strategies

JLens Jewish Advocacy Pool
- US Equity 100%

Long-term ESG Pool
- Int'l Equity 31%
- EM Equity 7%
- Fixed Income 30%
- US Equity 32%

Moderate-term ESG Pool
- Fixed Income 65%
- EM Equity 4%
- Int'l Equity 15%
- US Equity 16%

Values Alignment Strategies

**Diversified strategies:**
High level ESG integration aligned with Jewish Values

**Long-term thematic:**
Climate-related low-carbon transition

**Screening:**
Excludes industries misaligned with values

**Active ownership:**
Voting, engagement, disclosure

**Advocacy:**
Generates positive impact through investor advocacy on behalf of Jewish community

**Support for Israel:**
Encouraging companies to expand economic ties with Israel and counteracting BDS pressure

Values alignment strategies common to all Funds
Values alignment strategies unique to JLens Advocacy Pool
## Investment managers in the pools

### Long- and Moderate-Term Active ESG Pools

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Fund</th>
<th>ESG Integration &amp; Themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity - US Large Cap</td>
<td>Parnassus Core Equity</td>
<td>ESG is incorporated into investment process throughout due diligence and portfolio</td>
</tr>
<tr>
<td></td>
<td></td>
<td>maintenance focusing in five key areas: <strong>environment, community, customers, workplace,</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>and governance.</strong></td>
</tr>
<tr>
<td>Equity - US Small/Mid Cap</td>
<td>Boston Trust Walden SMID Cap</td>
<td>Fundamental and ESG analysis conducted in parallel. Companies demonstrating superior</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>corporate governance and employment practices</strong> relative to peers are favored.</td>
</tr>
<tr>
<td>Equity – International</td>
<td>Boston Common ESG Impact International</td>
<td>Firm engagement to encourage portfolio companies to improve sustainability of their</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>operations on issues such as environmental compliance, labor relations, and human</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>rights policies.</strong></td>
</tr>
<tr>
<td>Equity – Global</td>
<td>Mirova Global Sustainable Equity</td>
<td>Investment universe is narrowed through ESG screens focused on <strong>human resources,</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>product quality, corporate culture, business ethics, management stability, and</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>customer satisfaction.</strong></td>
</tr>
<tr>
<td>Equity - Emerging Markets</td>
<td>Ninety One Emerging Markets Equity</td>
<td>ESG ratings incorporated as a main factor in the investment process.</td>
</tr>
<tr>
<td>Fixed Income - US Core</td>
<td>TIAA-CREF Core Impact Bond</td>
<td>Proactive investments are made in <strong>affordable housing, community development,</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>renewable energy/climate change, and natural resources.</strong></td>
</tr>
<tr>
<td>Fixed Income - US Core</td>
<td>Neuberger Berman Core Bond</td>
<td>ESG ratings incorporated as a main factor in the investment process.</td>
</tr>
</tbody>
</table>
ESG ratings data

All of our investment managers are highly rated: ESG 1 or ESG 2

Our pools’ rating is 1.3, near the top

Data:
- Mercer evaluates the degree of ESG integration for each investment manager in the Long-Term and Moderate-Term pools
- The ratings scale is 1 (best) to 4 (worst)

<table>
<thead>
<tr>
<th>Investment manager</th>
<th>ESG Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parnassus Core Equity</td>
<td>ESG 1</td>
</tr>
<tr>
<td>Boston Trust SMID Cap</td>
<td>ESG 2</td>
</tr>
<tr>
<td>Boston Common ESG Impact Int'l.</td>
<td>ESG 1</td>
</tr>
<tr>
<td>Mirova Global Sustainable Equity</td>
<td>ESG 1</td>
</tr>
<tr>
<td>Ninety One Emerging Markets</td>
<td>ESG 2</td>
</tr>
<tr>
<td>TIAA-CREF Core Impact Bond</td>
<td>ESG 1</td>
</tr>
<tr>
<td>Neuberger Berman Core Bond</td>
<td>ESG 2</td>
</tr>
</tbody>
</table>

- The market average* for global equity (stock) and US fixed income (bond) managers is 2.9

Analysis background:
- This analysis is conducted at the investment manager level and is focused on process, not outcomes

Assessment:
- This score is very strong

*The Universe consists of a 1,507 total strategies within Mercer’s global equity and US fixed income universe, as of March 31, 2022
Examples of our pools’ investments impacts

**Environmental Impact**
- **Net Zero Pathway:** 67% of Boston Common’s holdings have a climate commitment or target
- **Carbon Intensity:** Boston Trust SMID Cap Fund has a weighted average carbon intensity that is 63% less than its benchmark

**Social Impact**
- **Affordable Housing:** TIAA-CREF Core Impact Bond Fund’s investments resulted in 94,181 housing units built or supported, including units designated for low- to moderate-income residents

**Governance Impact**
- **Diversity:** Mirova’s advocacy resulted in positive impact on the achievement of the UN’s Sustainable Development Goals, and fostering greater gender and racial diversity across all levels of its holding companies

**Jewish Values Alignment**
- **Anti-BDS Advocacy:** JLens’ anti-BDS advocacy work was instrumental in Morningstar reconsidering its ESG scoring methodologies that had resulted in biases towards Israel based companies/companies deriving revenue from business involvement in Israel
Carbon intensity and diversity highlights

Long-Term and Moderate-Term ESG Investment Pools

100.4
Carbon Intensity*

versus 169.6 for the MSCI ACWI Index, indicating greater alignment with environmental issues.

13.9%
of portfolio companies

derive at least 10% revenue from environmental solutions, versus 13.5% for the MSCI ACWI Index.

53%
of portfolio companies

with 30% or more female directors on the board, a positive step in gender equality at the executive leadership level.

*Carbon intensity is measured as tons of CO₂ emitted per $1M of sales and is a weighted average of all underlying companies.
Corporate engagement examples

JCF DAF Pools’ investments are effecting change at the company level

Environmental Engagement

Boston Common – Carrier/Daikin
Advocate for adoption of alternatives to hydrofluorocarbon refrigerants, increased refrigerant efficiency and proper end of life disposal.

Parnassus – Waste Management
Requested Waste Management executives for detailed disclosure of, and action around environmental impact.

Social Engagement

Mirova – Thermo Fisher
Raised awareness of risks associated with selling DNA equipment to China due to potential nefarious misuse of data organized by local authorities.

Ninety One – Kia Motors
Encouraging Kia to complete a carbon footprint assessment; carbon reduction plan for raw materials, transport, logistic and distribution centers.

Boston Trust – SEI Investments
Provoked commitment to produce workforce composition data across job categories by gender, race, and ethnicity.
Impact through company engagement

<table>
<thead>
<tr>
<th>Company</th>
<th>Investment Manager</th>
<th>Proposal Description</th>
<th>Company Management Recommendation</th>
<th>Investment Manager Vote</th>
<th>Results (For/Against/Abstain)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NextEra Energy</td>
<td>Mirova</td>
<td>Report on Effectiveness of Diversity, Equity and Inclusion Efforts and Metrics</td>
<td>Against</td>
<td>For</td>
<td>Withdrawn</td>
</tr>
<tr>
<td>Comcast</td>
<td>Parnassus</td>
<td>Oversee and Report a Racial Equity Audit</td>
<td>Against</td>
<td>For</td>
<td>Withdrawn</td>
</tr>
<tr>
<td>Chemed Corp</td>
<td>Boston Trust</td>
<td>Report on Political Contributions</td>
<td>Against</td>
<td>For</td>
<td>Passed (79%/20%/1%)</td>
</tr>
<tr>
<td>Microsoft</td>
<td>Ninety One</td>
<td>Report on Gender/Racial</td>
<td>Against</td>
<td>For</td>
<td>Withdrawn</td>
</tr>
</tbody>
</table>

*Investment managers seek to generate positive impact and promote sustainable development for the benefit of all stakeholders, through leveraging their influence and active engagement.*
Company engagement highlights

Boston Trust Walden

- In 2021, led or participated in 14 shareholder resolutions, addressing climate action and lobbying, equality, and corporate governance.
- More than 50% of shareholder resolutions were withdrawn after reaching an agreement with the company.
- Average support for resolutions that went to a vote was 33% (vs. 27% in 2020).

Parnassus

- Filed 2 shareholder resolutions so far in 2022.
- 1 (Cerner) was withdrawn based on a successful negotiation with the company, 1 (Republic Services) went to vote and received 36% approval.
Exploring ways to further align pools with Jewish values

**Today:**
A review
Re-evaluating the Federation’s ESG investment pools’ alignment with ESG and Jewish values.

**2023 Priority:**
Improvement
Explore strategies to further align the Federation’s ESG investment pools with Jewish values.

**Ideal State:**
A sustainable portfolio
ESG metrics will evolve, and we will adapt our analysis to reflect best practices to help the Federation strive for a sustainable portfolio.