



Pavilion
A Mercer practice

Jewish Community Federation of San Francisco

2021 Annual ESG Evaluation Report

July 2021

welcome to brighter

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- JCF ESG Pools' Overall Sustainable Impact and Carbon Risk Analysis

Sustainability Metrics Summary

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ESG INTEGRATION RATING



Better-than-Average ESG Rating
see page 11

SUSTAINABLE IMPACT

Revenue generated by products and services helping to solve the world's major social and environmental challenges



Moderately High (10% of underlying holdings' revenue)
see page 14

CARBON RISK

Carbon Intensity



38% lower than peer average
see page 15

All data is as at March 31, 2021
Please see Mercer's Guide to ESG Ratings (<https://www.mercer.com/our-thinking/mercer-esg-ratings.html>)

Strategy Overview

1

What is ESG?

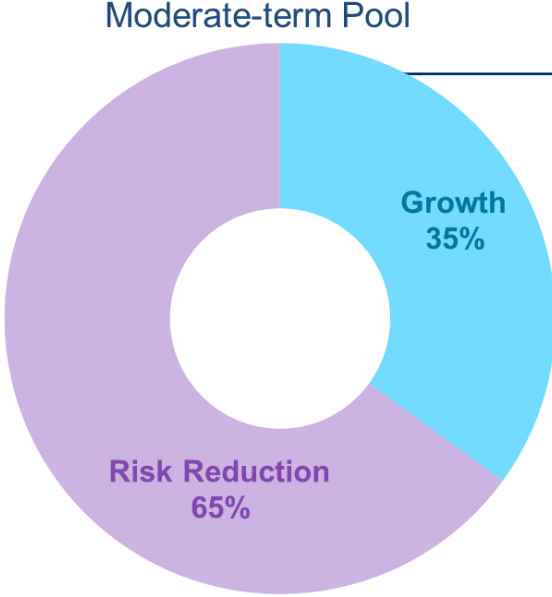
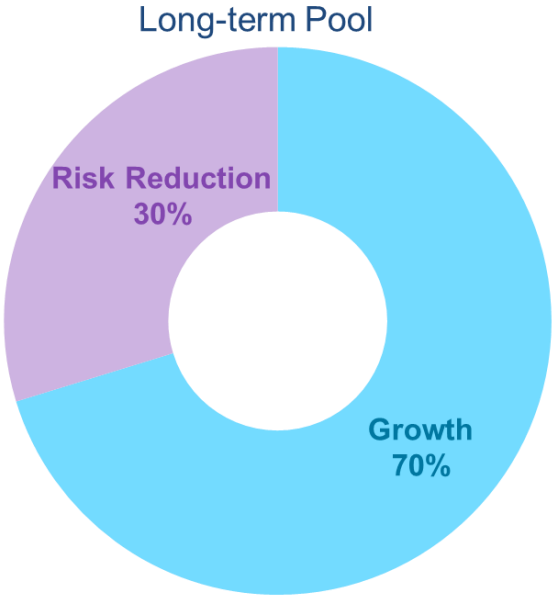


JCF Investment Pools

Pool Details

Risk Reduction

- Reduce portfolio volatility
- Provides liquidity
- Minimize correlation to equity returns
- Incorporate bonds (global and domestic)



Growth

- Drive long-term capital appreciation
- Seek to mitigate high return volatility through diversification to areas with attractive relative valuations
- Provide some level of protection against inflation
- Incorporate global and domestic public assets

ESG LENS

- High level of ESG integration
- Stewardship (voting, engagement, disclosure)
- Climate-related low-carbon transition (carbon metrics & green revenues)
- Screening (excluding activities)

Key Themes Targeted by ESG Managers

Renewable & Alternative Energy

Solar, wind, wave, biofuels, and geothermal technology

Pollution Control

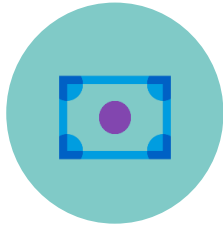
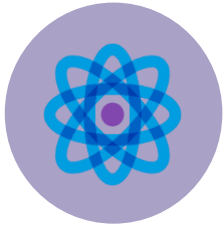
Pollution control solutions and environmental testing

Water Infrastructure and Technologies

Irrigation, storage, treatment, drainage and flood protection

Sustainable Consumer Goods

Meeting shifting consumer demands in sourcing and technology



Energy Efficiency

Storage plus power network, industry, building, and transport efficiency

Waste Management and Technologies

Recycling processing, hazardous and general waste management

Health and Social Services

Positive impacts for social development and addressing poverty or aging populations

Responsible Finance

Supporting role for real economy

JCF ESG Investment Pools

ESG Integration



Incorporation of High ESG Investment Managers

ESG Ratings Scale

ESG ratings are undertaken by our investment advisor’s global manager research team. Each strategy is rated on a scale from 1 (highest degree of ESG integration) to 4 (lowest degree of ESG integration), assessing the degree of ESG factor integration into investment processes.



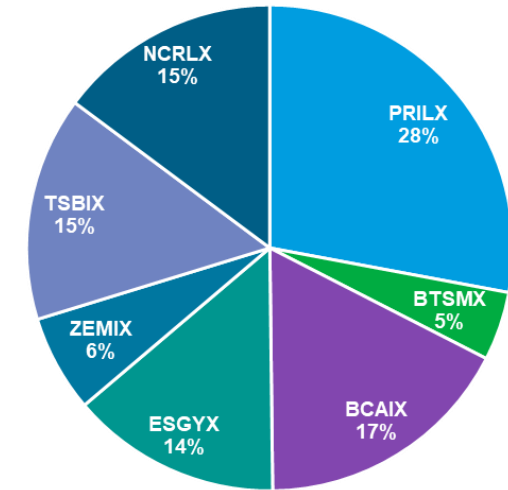
Long- and Moderate-Term ESG Pools: Managers

ESG Integration

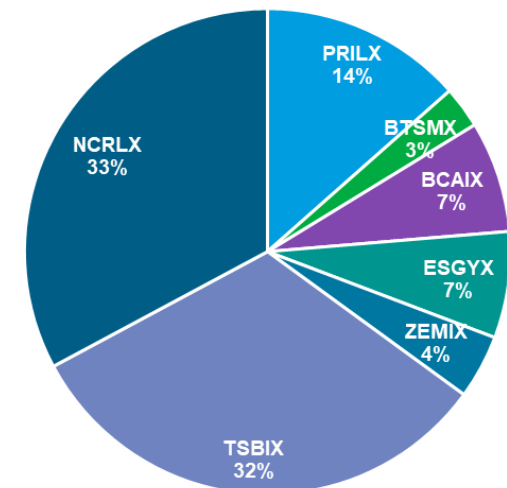
Underlying Strategy	Ticker	ESG Rating
Parnassus Core Equity	PRILX	1
Boston Trust SMID Cap	BTSMX	2
Boston Common ESG Impact International	BCAIX	1
Mirova Global Sustainable Equity	ESGYX	1
Ninety One Emerging Markets Equity	ZEMIX	2
TIAA-CREF Core Impact Bond	TSBIX	1
Neuberger Berman Core Bond	NCRLX	2

- Each of the underlying strategies in JCF’s ESG Investment Pools emphasize environmental, social, and governance (“ESG”) factor integration into their investment process
 - Examples of ESG integration to follow on page 12
- JCF’s investment advisor, Pavilion, evaluates the degree of ESG integration for each of the ESG Pools strategies, and confers a rating on a scale of 1-4 (lowest being better)
- All of the strategies in JCF’s ESG Pools are rated either ESG1 or ESG2 (definitions on previous page), and are considered leaders in incorporating ESG factors and active ownership into their core processes

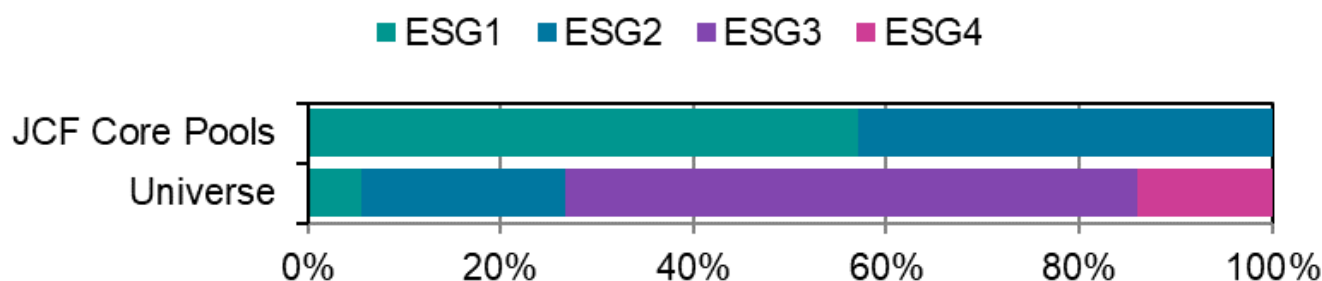
Long-Term Pool Manager Allocation



Moderate-Term Pool Manager Allocation



ESG Ratings Universe Comparison



- **Calculation Methodology:** A weighted average ESG rating for JCF's ESG Pools provides a comparison against a wider universe of global equity and fixed income strategies
- **Results:**
 - JCF ESG Pools' ESG rating average = **1.3** (lowest is better)
 - Universe ESG rating average* = **3.0**
- **Takeaway:** The Core Pools' favorable ESG rating emphasizes integration of ESG factors and active ownership in managers core processes

*The Universe consists of a 813 total strategies within Mercer's global equity and global fixed income universe

JCF ESG Pools Environmental Implementation Examples

- Below are examples of how some of the strategies in JCF's ESG Pools integrate **environmental factors** into their investment process:

Environmental Impact Examples

JCF Pool Manager:

- **Boston Common ESG Impact International**

Fossil Fuel Exposure:

Boston Common's portfolio is 100% fossil fuel free

JCF Pool Manager:

- **TIFF Core Impact Bond Fund**

Renewable Energy Investment Example:

Investments by the fund have resulted in 43,838 MW of new renewable energy capacity, the equivalent of 14,612 large wind turbines

JCF ESG Pools Social Implementation Examples

- Below are examples of how some of the strategies in JCF's ESG Pools integrate **social factors** into their investment process:

Social Impact Examples

JCF Pool Manager:

- **Parnassus Core Equity**

Social Impact Example:

A stock holding, Gilead Sciences, derives 94% of revenue from Major Disease Treatment

JCF Pool Manager:

- **Mirova Global Sustainable Equity**

Basic Needs Impact:

One of the major qualitative impact pillars Mirova assesses investments on is how meaningfully they enhance access to basic needs such as quality food and water, housing, and education

JCF ESG Pools ESG Implementation Examples

- Below are examples of how some of the strategies in JCF's ESG Pools integrate **Governance factors** into their investment process:

Governance Integration Examples

JCF Pool Manager:

- **Boston Trust Walden SMID**

Fostering Board Diversity:

Failure to meet 30% threshold of board diversity (gender and racial/ethnicity) can trigger a vote against directors serving on nominating committees

JCF Pool Manager:

- **Ninety One Emerging Markets Equity**

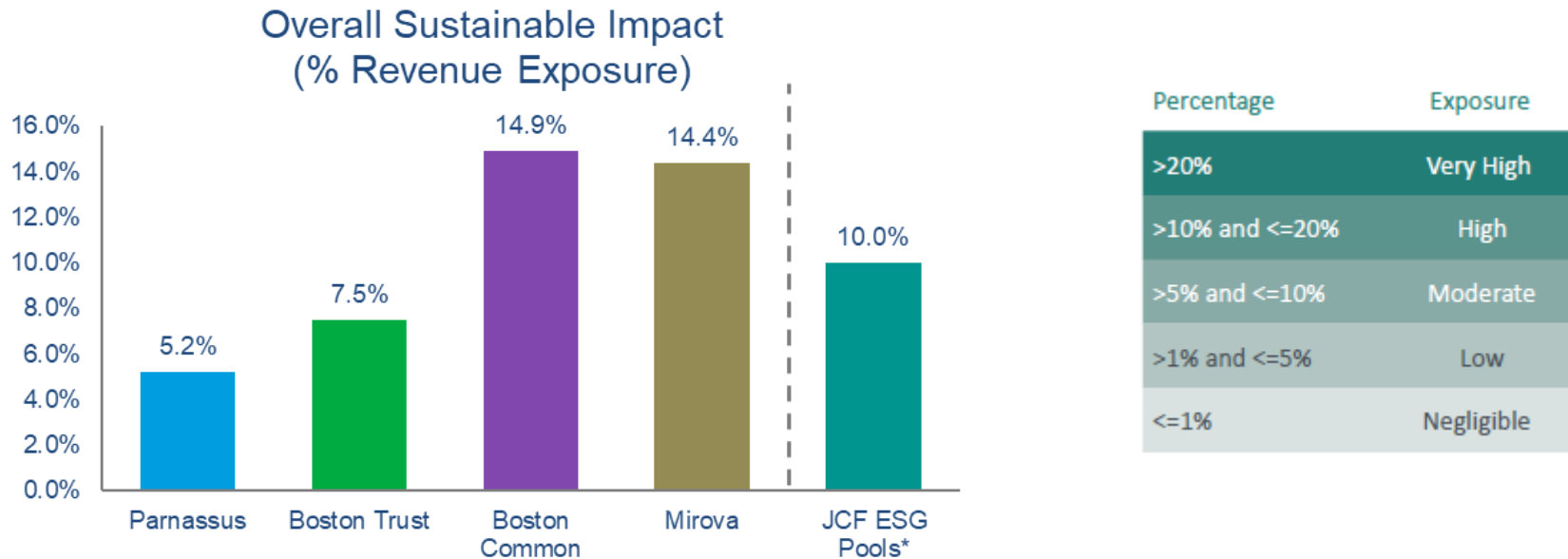
Company Engagement:

Ninety One took part in 230 engagements over the year ending March 31, 2021, with a focus on influencing issuers to reduce sustainability risks and integrating material ESG factors

Overall Sustainable Impact and Carbon Risk Analysis



Overall Sustainable Impact Analysis

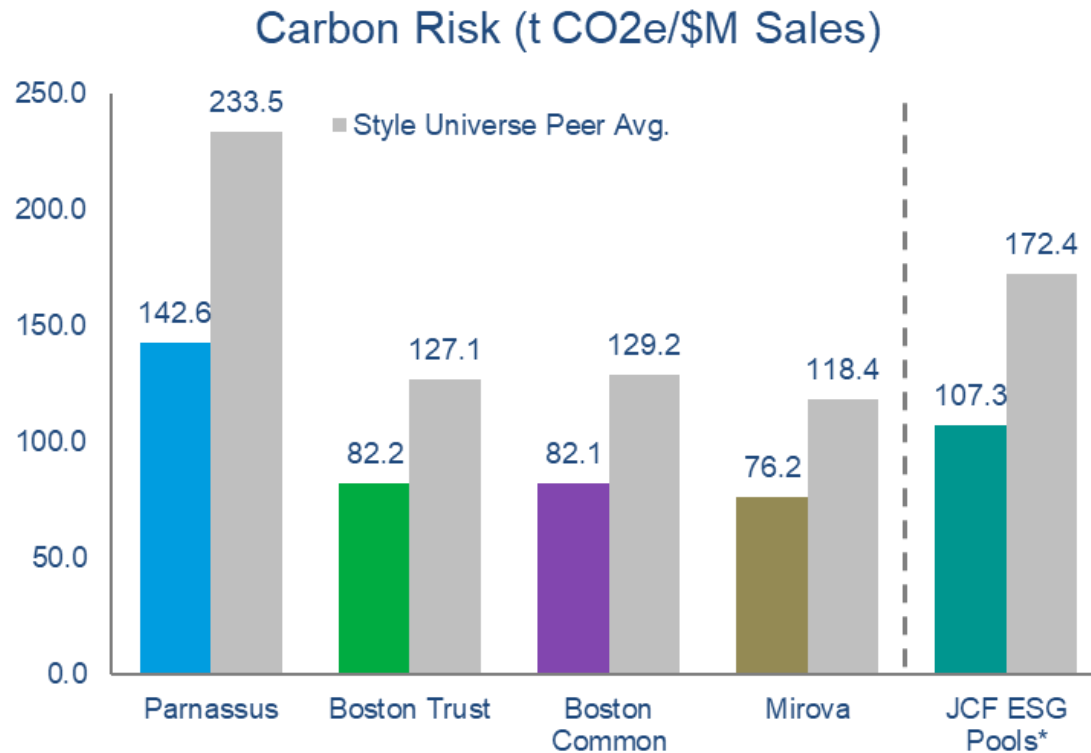


- **Overall Sustainable Impact** is the strategy’s weighted average of each holding’s proportion of **revenue generated by products and services that help solve the world’s major social and environmental challenges**.
- The holdings within JCF’s ESG Pools generate a **‘Moderately High’** (10.0%) proportion of revenue from products and services that help solve the world’s major social and environmental challenges.

*Ninety One Emerging Markets Equity (ZEMIX), TIAA-CREF Core Impact Bond Fund (TSBIX), and Neuberger Berman Core Bund Fund (NCRLX) are excluded from this analysis, due to incomplete/missing data.

Analysis is based on holdings data as of April 30, 2021.

Carbon Risk Analysis



- **Carbon Risk:** measures a strategy's exposure to carbon intensive companies.
- **Observations:**
 - All managers shown have significantly lower carbon risk compared to peers.
 - The JCF ESG Pools have significantly lower carbon risk compared to peers.

*Ninety One Emerging Markets Equity (ZEMIX), TIAA-CREF Core Impact Bond Fund (TSBIX), and Neuberger Berman Core Bund Fund (NCRLX) are excluded from this analysis, due to incomplete data.

tCO2e is short for "tons of carbon dioxide equivalents"
Analysis is based on holdings data as of April 30, 2021.

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