Jewish Community Federation of San Francisco

2021 Annual ESG Evaluation Report

July 2021
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- JCF ESG Pools’ Overall Sustainable Impact and Carbon Risk Analysis
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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

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Strategy Overview
What is ESG?

ESG issues which can be considered include:

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

**SOCIAL CONCERNS**
- Health & Safety
- Stakeholder Concerns
- Demographics
- Labour & Supply

**CORPORATE GOVERNANCE CONCERNS**
- Audit Quality
- Board Structure
- Remuneration
- Shareholder Rights
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.

- **ESG1**: Leader in the integration of ESG factors and active ownership into core processes.
- **ESG2**: Less advanced than ESG1 investors but with moderate integration of ESG factors and active ownership.
- **ESG3**: Limited progress with respect to ESG integration and active ownership, albeit with signs of potential improvement.
- **ESG4**: Little or no integration of ESG factors or active ownership into core processes and no indication of future change.
Long- and Moderate-Term ESG Pools: Managers

ESG Integration

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

- 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
**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.

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*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 Example:**
  A stock holding, Gilead Sciences, derives 94% of revenue from Major Disease Treatment.

  **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:

**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

**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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