U.C. Investments: ESG Integration Dashboards
ESG Integration Dashboard:
FY19-20

What We Do

We systematically integrate risk evaluation of environmental sustainability, social responsibility and prudent governance factors into our investment process.

Doing so provides us with the most accurate risk-reward calculation.

Guided by our “Framework for Sustainable Investing,” we integrate eight key ESG risk factors – including climate change, diversity, governance, inequality, and water and food security – into our investment process.

As a signatory to the UN Principles for Responsible Investing (“PRI”), we are committed to continuously improving our ESG integration over time.

Diversified Returns: Team

10 D&I Learning Opportunities

CIO led interviews with prominent women & diverse leaders.

Finalized new recruiting & hiring process.

Diversified Returns: Partners

~$1 billion additional allocated to diverse managers in 2020

Added access for Investments team to “Optica,” searchable database with 2400 women and diverse owned managers.

Climate Change: Reducing Risk

With MSCI, developed new Index to implement “fossil free” commitment.

Transitioned GEP, UCRP & Working Capital to the new Index. Sold ~$1 billion of fossil fuel reserve owning assets.

Climate Change: Advancing Solutions

$1.04 billion 1 gigawatt renewables installed

Continue to source investable opportunities in climate solutions.

Active ownership

Proxy Voting:
Developed custom guidelines for executive compensation & Board diversity.

Shareholder Engagement:
Retained third party engagement services provider to broaden and deepen our engagement on issues, e.g., climate change & diversity.

Reporting & Communications

Prepared Annual Report to UN PRI.
Completed Sierra Club’s annual “Cool Schools” questionnaire.

Increased transparency by adding searchable database of proxy voting record to website.
ESG Integration Dashboard:
July-September, 2020

What We Do

Guided by our “Framework for Sustainable Investing,” we systematically integrate risk evaluation of environmental sustainability, social responsibility and prudent governance factors into our investment process.

Doing so provides us with a better risk-reward calculation.

We are committed to continuously improving our integration of ESG over time.

Diversified Returns: Team

Developed Program Metrics.
Developed 3 Year Program Goals.
Developed annual DR goals for leaders.

Climate Change: Reducing Risk

Continued to de-risk portfolio via focus on commingled funds.
Completed “fossil free” assurance review of assets under management.
Prepared annual carbon footprint.

Diversified Returns: Partners

Launched 2020 investment partner demographic survey.
CIO email to 21 top investment partners re: diversity, equity & inclusion.

Climate Change: Advancing Solutions

Continued to source investable opportunities in climate solutions.

Active ownership

Proxy Voting:
Completed “proxy season” using new custom guidelines.

Shareholder Engagement:

261 engagements
129 milestones
32 countries

Reporting & Communications

Developed climate change metrics and text for UC Investments’ section of 2020 UC Sustainability Report.
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We are committed to continuously improving our integration of ESG over time.

**What We Do**

- Active ownership: Shareholder engagement on climate change, governance and diversity:
  - 229 engagements
  - 74 milestones
  - 33 countries

**Climate Change: Reducing Risk**

- Continued to de-risk portfolio via focus on commingled funds.

**Climate Change: Advancing Solutions**

- Continued to de-risk GEP, UCRP and working capital by addressing remaining *de minimis* amount of fossil fuel reserve owning companies.

**Diversified Returns: Team**

- Developed diversity, equity & inclusion learning toolkit with support from UC Berkeley’s Haas Business School “Equity Fluent Leadership” project team.

**Diversified Returns: Partners**

- Completed 2020 investment partner demographic survey and qualitative interviews with 19 partners.

- Completed 2020 diversity & inclusion survey of top business partners.

- Joined ILPA’s “Diversity in Action” coalition.

**Reporting & Communications**

- Launched Diversified Returns section of UC Investments website.

- Drafted second annual diversity & inclusion report.

- Developed UC Investments content for 2020 UC Sustainability Report.

**ESG Integration Dashboard:**

- September-December, 2020

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