

Attachment A

Social Responsibility Excerpts from local governments investment policies

City of Alameda

Investments are to be made that will bear in mind the responsibility of city government to its citizens. Alternative investments, which enhance the quality of life, will be given full consideration. Investments, which serve to only enrich a few to the detriment of the people, will be strictly avoided. No investment is to be made in a company that receives more than 51% of gross revenues from the production or manufacture of cigarettes, alcohol, or gambling products, nor is any investment to be made in any company involved in the coal industry (defined as any company classified under Bloomberg Industry Classification Systems (BICS) code 131016). In addition, investing in Wells Fargo securities, when Wells Fargo is the issuer, will be prohibited at least until 2020.

City of Berkeley

Responsible Investing- Investment policies of the City of Berkeley shall comply with the letter of the following ordinances, resolutions and directives:

- Nuclear-Free Berkeley Act
- Resolution No. 59,853-N.S.-Oppressive States Contract prohibition
- Divestment from Gun Manufacturers and Tobacco Companies
- Divestment from Publicly Traded Fossil Fuel Companies
- Divestment from Private Prisons Resolution No. 67,640-N.S.

a. Nuclear-Free Berkeley Act

To the extent possible, without compromising the City's safety, liquidity and yield objectives, it is the City's policy to prefer investments in U.S. Agency securities. They are preferred because of their generally higher yields and generally socially preferable uses, such as housing loans or student loans, versus investments in Treasury securities with their association with nuclear weapons. The following paragraphs outline a mechanism for choosing to invest in Treasury securities:

- For each type of investment instrument being considered by the Finance Officer, a "normal spread range" which that instrument yields in excess of Treasury issues of comparable maturity shall be established. When the actual spread is less than the minimum of the normal range, the Finance Officer may choose to invest in Treasury issues, on the grounds that the City is not being compensated for the additional credit risk of non-Treasury investments. Conversely, when the spread is larger than the maximum of the normal range, the Finance Officer may choose to invest in Treasury issues, on the grounds that the financial markets are evaluating alternative

instruments as having higher than normal risk. In either case, the Finance Officer shall continue to monitor spreads, and when they return to the “normal range”, evaluate the feasibility of selling any Treasury holdings and reinvesting in non-Treasury instruments.

Treasury issues may also be purchased when six dealers are unable to provide non- Treasury investments of the desired maturity and dollar amounts.

In any event, whenever Treasury instruments are purchased, the next quarterly report shall include an explanation of the circumstances and reasons under which they were purchased. All financial institutions, which hold deposits or investments of the City, shall file a statement with the Director of Finance indicating the percentage of the bank’s assets which are loaned to or invested in nuclear weapons agents as defined in Section 13 of the Nuclear-Free Berkeley Act. The Director of Finance shall use this information as a factor in selecting banks which have minimum involvement in the nuclear weapons industry. A summary of these reports shall be attached to the annual Statement of Investment Policies.

- Investments in United States Treasury securities may be made by the City of Berkeley only when no other reasonable alternative exists under the procedure described above. Short-term investments in United States Treasury securities repurchase agreements of 14 days or more shall be authorized by a continuing resolution of the City Council with each resolution to expire within 60 days.
- The City of Berkeley shall ensure that any City funds, or any funds controlled by the City, invested through trustees or other third parties, are invested according to the provisions of this section and, to this end, shall obtain written assurances to this effect from any such trustees or third parties.

b. Divestment from Publicly-Traded Fossil Fuel Companies

The City of Berkeley has a responsibility to protect the lives and livelihoods of its inhabitants from the threat of climate change. While fossil fuel companies provide an attractive return on investment, the City of Berkeley will suffer greater economic and financial losses from the impact of unchecked climate change. The City’s infrastructure, businesses and communities would face greater risk of damages and losses due to that climate change. The City believes that its investments should support a future where all citizens can live healthy lives without the negative impacts of a warming environment. For the purposes of the Investment Policy, a “fossil fuel company” shall be defined as any of the two hundred publicly-traded companies with the largest coal, oil and gas reserves as measured by the gigatons of carbon dioxide that would

be emitted if those reserves were extracted and burned, as listed in the Carbon Tracker Initiative's "Unburnable Carbon" report.

Staff responsible for managing the City's investment portfolio are directed to divest all City funds held in fossil fuel companies and are prohibited from making any new investments in such companies.

c. **Divestment from Gun Manufacturers and Tobacco Companies**

The City of Berkeley has a responsibility to protect the lives and livelihoods of its inhabitants from the threat of dangerous weapons and products. There is no better role for city government than to protect people. If the City invests in companies that are putting dangerous weapons and dangerous products on our streets, then the City is part of the problem.

Staff responsible for managing the City's investment portfolio are directed to divest all City funds held in gun manufacturers and tobacco companies and are prohibited from making any new investments in such companies.

d. **Divestment from Private Prisons**

Incarceration rates in the United States have been increasing over the years, tearing families apart and primarily impacting communities of color. The private prison industry reaps large monetary benefits from the imprisonment of these communities. High private prison companies admit that their companies benefit from high incarceration rates. With the increasing economic benefits that come with commodifying human lives, the City of Berkeley should divest from private prisons to make a statement that the industry harms human lives and degrades them as monetary investment.

These guidelines apply to all cash-equivalent assets included within the scope of the City's audited financial statements and held either directly by the City or held and invested by trustees or fiscal agents.

City of Milpitas

The following investment considerations, which enhance the quality of life, will be adhered to:

Divestment From Publicly-Traded Fossil Fuel Companies - The City of Milpitas has a responsibility to protect the lives and livelihoods of its inhabitants from the threat of climate change. The City believes that its investments should support a future where all citizens can live healthy lives without the negative impacts of a warming environment. For the purposes of the Investment Policy, a "fossil fuel company" shall be defined as any of the two hundred publicly-traded companies with the largest coal, oil and gas reserves as measured by the gigatons of carbon dioxide that would be emitted if those reserves were extracted

and burned, as listed in the Carbon Tracker Initiative's "Unburnable Carbon" report. Staff responsible for managing the City's investment portfolio are directed to divest all City investment funds held in fossil fuel companies once they reach their maturities and are prohibited from making any new investments in such companies.

City of Palo Alto

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RESPONSIBILITIES

In addition to and subordinate to the above investment objectives (e.g. Safety, Liquidity, & Yield), the City has a desire to encourage investments that support sound environmental, social and governance (ESG) investing. While the portfolio may not be classified as an ESG portfolio, investments in entities that support community well-being through safe and environmentally sound practices and fair labor practices and equality of rights regardless of sex, race, age, disability, or sexual orientation is encouraged. Direct investments are discouraged in entities that manufacture tobacco products, firearms, and engage in direct production or drilling of fossil fuels.

This section applies to new investments only and does not require divestment of existing investments. Investments in Certificates of Deposit (CDs) and Negotiable Certificates of Deposit are exempt from the ESG investing requirement.

Scope

A. This investment policy shall apply to all financial assets of the City of Palo Alto as accounted for in the Comprehensive Annual Financial Report (CAFR), including but not limited to the following funds:

1. General Fund
2. Special Revenue Funds
3. Debt Service Funds
4. Capital Project Fund
5. Enterprise Funds
6. Internal Service Funds
7. Trust and Agency Funds

B. The policy does not cover funds held by the California Public Employees Retirement System (CalPERS), Deferred Compensation programs (e.g. ICMA, Hartford), and Public Agency Retirement Services (PARS) section 115 irrevocable trust.

C. Investments of bond proceeds shall be governed by the provisions of the related bond indentures.

Sacramento Regional Transit District

Tobacco Policy - Investments shall not be made in any security issued by a company in the Tobacco Sub-Industry as defined by the Global Industry Classification Standards (GICS). This restriction shall be subject to the prudent investor rule as set forth in Article XVI Section 17 of the California Constitution. All passive funds and commingled vehicles are excluded from this policy.

City of Santa Monica

RESTRICTIONS – The direct investment of City funds are restricted as follows:

- a. Investments are to be made in entities that support clean and healthy environment, including following safe and environmentally sound practices.
- b. No investments will be made in fossil fuel companies as defined by the organization 350.org or in banking institutions that provide financing to said companies.
- c. No investments are to be made in tobacco or tobacco-related products.
- d. No investments are to be made to support the production of weapons, military systems, or nuclear power.
- e. Investments are to be made in entities that support equality of rights regardless of sex, race, age, disability or sexual orientation.
- f. Investments are to be made in entities that promote community economic development.