

Excerpt taken from "University of California, Berkeley Foundation: Investment Policy Statement"

V. Environmental Sustainability, Social Responsibility, and Corporate Governance (ESG)

BEMCO incorporates environmental sustainability, social responsibility, and governance (ESG) factors into the investment evaluation and monitoring process as part of investment decision making. BEMCO believes that sustainability incorporates broader notions of business quality. Our long-term perspective aligns sustainability with investment risk factors more generally. BEMCO is dedicated to engaging with managers to advance and monitor their approach to ESG, including their investment and management practices, and to providing guidance as to the principles and guidelines that the Berkeley Foundation adheres. Considering sustainability factors is consistent with BEMCO's primary objective to maximize long-term, risk-adjusted returns.

Proper oversight of investments includes being an informed, responsible participant in matters affecting these investments, where reasonably possible and appropriate. BEMCO works with third-party investment managers who are experts in their respective fields, including in the use of tools such as proxy voting to seek maximization of financial returns for the companies in which they invest. When appropriate BEMCO will exercise authority, or delegate to third-party managers that authority, for proxy voting and other governance mechanisms, with the primary mandate to maximize financial returns.

Modifications and/or enhancements to these practices may be approved by UCBF, in consultation with BEMCO, with care to sustain the primary objectives of the GEP.