



## **Responsible & Ethical Investment Criteria**

To support the Socially Responsible Investment Objectives outlined in Alameda County's Investment Policy Statement, the following responsible and ethical investment criteria should guide the County's investments in its portfolio of bonds, cash and other debt instruments. Investments shall be made in compliance with the criteria outlined here to the extent that such investments achieve substantially equivalent safety, liquidity and yield compared to other investments permitted by state law.

The mission of Alameda County is to enrich the lives of its residents through visionary policies and accessible, responsive and effective services. Alameda County's [Vision 2036](#) outlines six goals:

- Eliminate homelessness and ensure availability of diverse and affordable housing
- Ensure equitable access to preventative and supportive health services
- Support full employment for Alameda County residents and deliver County services through a highly skilled, agile and responsive workforce
- Eliminate poverty and hunger
- Implement equitable and transparent criminal justice strategies for a crime-free county
- Implement smart, accessible and adaptive public infrastructure

This builds on the Vision 2026 goals to support a healthy environment; a thriving and resilient population; safe and livable communities; and a prosperous, vibrant economy. These responsible and ethical investment criteria seek to inform investment decision-making that advances these goals and the wider UN Sustainable Development Goals and reduces systemic risks to the County's portfolio. The Treasurer will use positive screening – to the extent practicable, based on the best available data, tools and standards that exist – to support these goals and proactively benefit investment performance. Investments are encouraged in entities that:

1. Promote sustainability and environmental stewardship, taking into account carbon emissions, pollution, biodiversity, deforestation, water and waste management for current residents and future generations
2. Value social responsibility, health, nutrition and protection for life, resources, and property
3. Support decent work, diversity and equity, treating people equally without discrimination and implementing responsible employer and contractor policies
4. Uphold good governance and respect for the law, through proper internal policies and controls, transparency, and protections for stakeholder rights
5. Promote community economic development, particularly for marginalized communities, by fostering job creation, housing opportunities, infrastructure development and access to essential services

All corporate and financial institution investments within the portfolio will undergo assessment of their environmental, social, governance and controversy ratings at the time of purchase of the securities. The

County will prefer companies, when appropriate, that maintain higher ratings as opposed to those companies that have lower ratings. Ratings reflect the strength of corporate practices that may pose reputational, financial, operational and legal risks to the County's investments and therefore the financial safety and resilience of the investment.

The Treasurer will actively look for investment opportunities that can be tailored to have a beneficial impact on Alameda County residents or other communities, including but not limited to investment-grade loan funds, commercial mortgage-backed securities (CMBS) like Freddie K loans or the Fannie Mae DUS program, and impact funds. The County's Impact Deposit Program will direct investments into local financial institutions that demonstrate a commitment to community economic development. Investments are discouraged in entities that derive more than 10% of total revenues from the following Industry Classifications, categorized using the Bloomberg Industry Classification Standard (BICS):

1. Energy – Oil & Gas, Coal Operations
2. Firearms
3. Tobacco
4. Casinos & Gaming
5. Security & Correctional Facilities
6. Alcoholic Beverages: Distillers & Vintners
7. Industrials – Defense

Investments are also discouraged in companies within certain BICS sectors that demonstrate severe or persistent human rights violations in their own operations or supply chains. These sectors include, but are not limited to: Textiles & Apparel, Electronic Equipment & Components, and Agricultural Products. Alameda County will not invest in companies that consistently, knowingly and directly facilitate and enable severe violations of human rights, as outlined in international law.

Divestment during an investment period will be considered on a case-by-case basis when negative environmental, social, governance or controversy performance is severe, ongoing and unremediated, and where such divestment does not materially compromise the County's fiduciary responsibilities. Documented justification will be presented by the Treasurer and approved by the Board of Supervisors. The Treasurer will decide on the timing and process to execute the decision.

The Treasurer will monitor ongoing opportunities to invest more responsibly and ethically, as they become available. These criteria will be reviewed as part of the Treasury Oversight Committee's annual Investment Policy Statement review process, and operational guidance will be updated regularly.