

Environmental Justice Investing Lens

Statement of Purpose: Nathan Cummings Foundation is committed to leveraging all our assets to advance our mission. We recognize that all life on this planet is interconnected and part of a broader ecosystem, and that all companies make an impact. Our investments provide tremendous opportunity to mitigate harm and scale solutions to polluting practices and products that carry material economic risks, impact human health, and deplete or degrade the natural resources we rely on to live and thrive. While this work presents complex challenges, our values guide our pursuit of a safe, healthy, productive, and sustainable future for all.

I. Investing Principles

- We will identify environmental justice risk considerations and incorporate them into our investment analysis, decision-making, and reporting.
- We will avoid investments in polluters with substantive and continued track records of adverse impacts on human and environmental health.
- We will prioritize investments in companies with proven commitments to environmental stewardship, workforce health, and creating economic opportunity for local workers, businesses and communities.
- We will invest directly in environmental justice solutions, including climate solutions, that provide scalable alternatives to extractive and polluting practices and products.
- We will consider unintended consequences and avoid investing in false solutions.
- We will measure the environmental justice impacts (and exposure to associated risks) of our investments and be transparent about our progress and results.

II. Outcomes

- Identify investable opportunities that contribute to environmental justice solutions and increase the portion of NCF's endowment allocated to them over time.
- Identify market gaps and opportunities related to environmental justice to inform NCF's broader efforts to advance REEJ.
- Promote environmental justice as an important and useful consideration for investors and position NCF and BWF as thought leaders on this topic.
- Encourage more asset owners to invest with an environmental justice lens and share practical guidance to instigate change.

III. Approach to Manager Assessment

NCF recognizes that businesses are multifaceted and impact a range of stakeholders in both positive and negative ways. NCF invests in actively managed funds, which are comprised of any number of companies. Assessing a fund for impact and alignment requires significant judgement to weigh positive and negative impacts and determine the appropriate classification. In assessing its funds and fund managers, NCF will carefully consider: (1) the fund manager's intentionality and impact thesis, (2) the materiality of various positive and negative impacts, and (3) the fund manager's engagement with portfolio companies and other relevant stakeholders.

IV. Investment Guidelines & Criteria

Avoidance of Environmental Harms

NCF seeks to avoid investments that undermine its mission by causing material and/or habitual harms to public health and ecosystems - especially in frontline communities.

Therefore, funds in this category will avoid investments in companies that engage in: (1) excessive pollution and/or depletion of natural resources (deforestation, biodiversity loss, air and water), as evidenced by material and/or habitual violations of local, state and/or federal environmental laws (2) disregard for worker health and safety, as evidenced by material and/or habitual violations of labor laws and/or (3) deceptive practices or a lack of transparency about pollutants produced, used or processed.

Thresholds of Impact

Mitigating Strategies

NCF seeks to promote corporate accountability, including the assessment and mitigation of environmental harms, and responsible use of finite natural resources. Therefore, funds in this category will seek investments in companies that take a basic level of responsibility for their negative impacts and seek to reduce them, with a focus on those that: (1) assess and mitigate material environmental risks and associated harms to workers, communities, and ecosystems, and/or (2) take steps to reduce the use of finite natural resources in production, processes, and throughout supply chains.

Optimizing Strategies

NCF seeks to increase investment in companies that are proactive and intentional about advancing material, measurable environmental and social benefits as part of their business model. Therefore, funds in this category will seek investments in companies that: (1) actively incorporate environmental and climate justice solutions (below) into their operations and supply chain, (2) prioritize siting decisions that ensure the safety of local communities (e.g., operational setbacks, Free, Prior and Informed Consent), (3) create inclusive economic opportunity through family-sustaining jobs, with health & safety benefits, for the communities in which they operate – particularly historically marginalized and LMI communities, and/or (4) demonstrate a commitment to transparency about pollutants, resource usage and lobbying/political activity.

Solutions

NCF seeks to increase investment in environmental and climate justice solutions over time. Therefore, NCF will proactively seek opportunities to invest in companies that: (1) develop or scale replacements and alternatives to toxic, polluting, or extractive practices, products or technologies and improve climate, environmental and public health impacts, (2) provide energy, water and waste solutions with positive social and environmental impacts, (3) develop, implement or scale solutions for adaptation and resilience that are rooted in data-driven analysis, and/or (4) produce, track and disseminate data that elevates or enables effective solutions across markets and/or stakeholders. NCF will encourage managers to consider known and unintended consequences when evaluating potential solutions.