

**Integration of ESG and Impact Investing**

# **MONTGOMERY COUNTY**

**EMPLOYEES' RETIREMENT SYSTEM  
CONSOLIDATED RETIREE HEALTH BENEFITS TRUST**

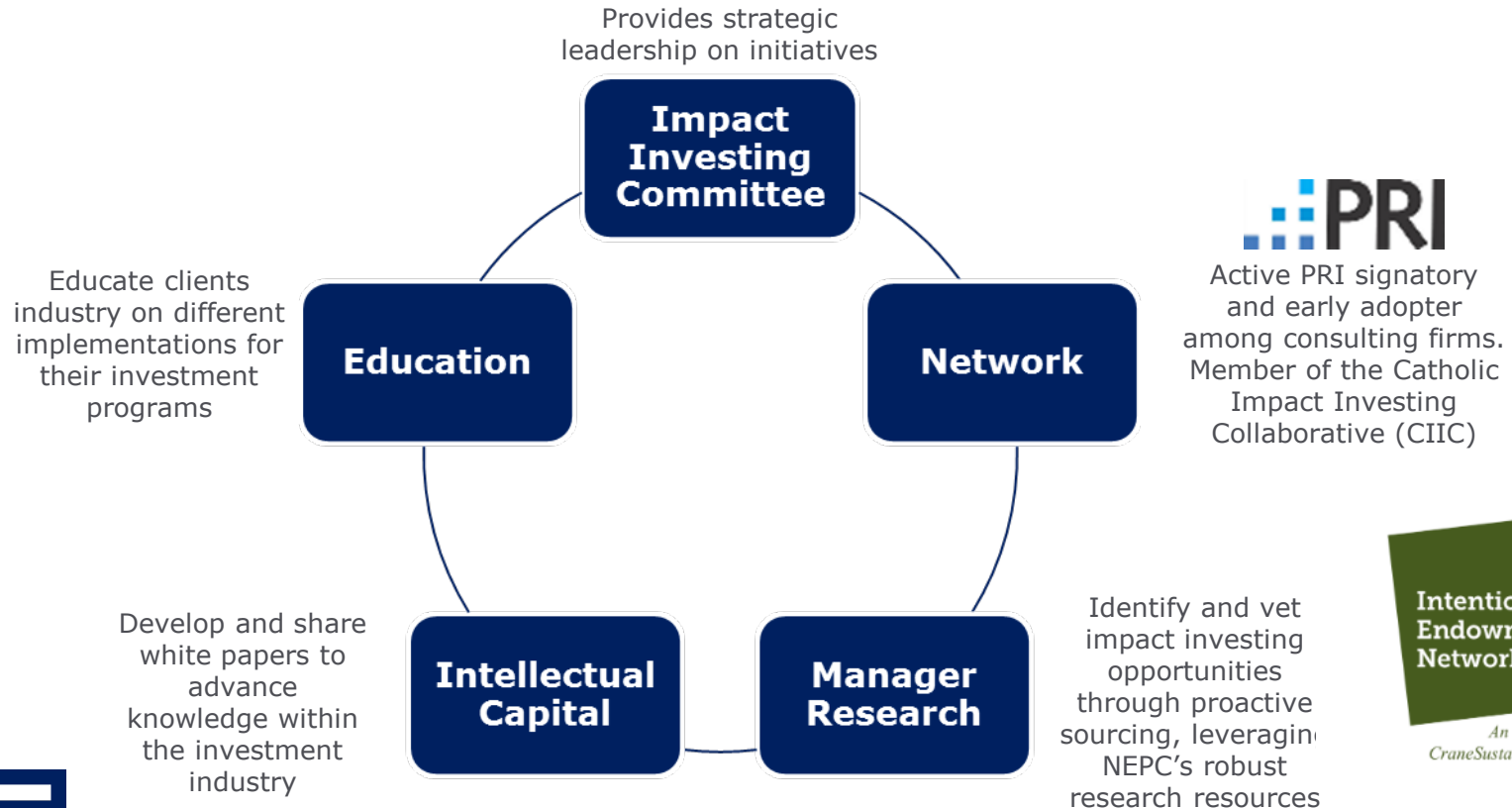
**January 2020**



BOSTON | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | PORTLAND | SAN FRANCISCO

# WE'RE COMMITTED TO ESG & IMPACT INVESTING

*For over 30 years NEPC has worked closely with our clients to understand their missions, return and risk objectives, liquidity needs, and investment approaches that seek to achieve both a financial return and a societal contribution.*



Active PRI signatory and early adopter among consulting firms. Member of the Catholic Impact Investing Collaborative (CIIC)



*An initiative of CraneSustainability.org*



As of 1/1/2020

# ESG & IMPACT INVESTING BLUEPRINT

- Determine ESG Process
  - Who will be involved with setting goals and evaluating opportunities?
  - Will this vary from existing process?
- Establish common goals and language
  - Areas of focus
  - Financial return expectations
  - Impact expectations
- Identify success metrics
- Source and vet opportunities
- Evaluate investments
  - Investment goals
  - Investment execution
  - Impact goals
- Observe, learn and adapt

Well-Defined  
Mutual Goals

Predetermined  
Success Metrics

Source and Vet  
Opportunities

Ongoing  
Evaluation

Document  
Learning



As of 1/1/2020

# NEPC INTEGRATION OF ESG

## Environmental

- Headquarters in the Boston Office is LEED Gold certified, along with our Portland, OR and Chicago, IL offices
- Eliminated plastic single use cups; provided all employees with mugs and water bottles; and use iPads instead of paper at all due diligence committee meetings
- Partnered with Terrapass for client conferences to purchase carbon offsets for client travel
- Provides flexing (working from home) capabilities, eliminating commutes and reducing firm's carbon footprint

## Social

- Launched targeted diversity recruiting across firm
- Has matching policies for certain charities
- Long-term partnership with "Year-Up"
- Partnered with Gateway to Leadership, program affiliated with United Negro College Fund (2014-2016)

## Governance

- Created a Diversity & Inclusion Board, Women's Leadership Forum, Diversity Equity and Inclusion Network and Cultural Enrichment Group
- Created qualitative and quantitative key performance indicators to measure success
- Created a diverse manager policy

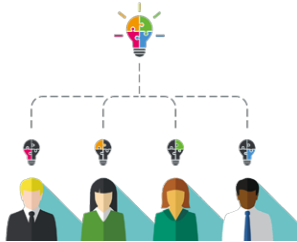


As of 1/1/2020

# HOW NEPC THINKS ABOUT DIVERSITY

*"I think diversification works and we are working to increase the diversity of our employee base. This diversification of thought and approach helps us be a better firm and helps us come up with better solutions for our clients."*

*-Michael P. Manning, Managing Partner*



## Our Leadership

- 30% of our partners are minorities and/or women<sup>1</sup>
- Almost 40% of Consultant and Research Team Leaders are women and/or minorities<sup>1</sup>
- Over 30% of our Management Group members are female<sup>1</sup>



## Our Team

- Almost half of our employees are minorities and/or female<sup>1</sup>
- Our Diversity, Equity, and Inclusion Network engages partners and employees to foster an inclusive culture at NEPC
- NEPC's Women's Leadership Forum promotes mentoring, career development, and gender diversity awareness training

## Retained Managers

- Our Diverse Managers Committee works in tandem with Research to expand the pool of talented managers for NEPC clients
- Many MWDBE investment products are 1-rated on our Focused Placement List ("FPL")
- NEPC clients have invested across over 180 strategies managed by MWDBE firms<sup>2</sup>

# DISCLAIMER

- The information in this report has been obtained from sources NEPC believes to be reliable. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.
- This report contains summary information regarding the investment management approaches described herein but is not a complete description of the investment objectives, portfolio management and research that supports these approaches. This analysis does not constitute a recommendation to implement any of the aforementioned approaches.