



## **Santa Barbara Foundation Responsible Investing Policy**

### **Statement of Responsible Investment Beliefs**

The mission of the Santa Barbara Foundation is to mobilize collective wisdom and philanthropic capital to build empathetic, inclusive and resilient communities. We are committed to use all of the tools and resources that are necessary to facilitate community change, from traditional investments and grants to mission-related and program-related investments. As such, we believe that it is our responsibility to consider the impact of our investments on society and the planet, using the tools we have as investors to address discrimination, inequality, and environmental sustainability as we believe that the path to building a more sustainable economy is the path to building a more equitable society.

We believe that by integrating Environmental, Social and Corporate Governance (ESG) principles into investment analysis as core components of the decision-making process across all asset classes that we invest in, we will align our financial goals with the values and priorities of the Foundation, while delivering sustainable, risk adjusted returns to investors and stakeholders and minimizing negative externalities.

Prioritized areas of focus include climate change and diversity, equity, inclusion, and access (DEIA) which reflect the Foundation's mission. The Santa Barbara Foundation, its Investment Committee (IC) and investment consultant will specifically consider DEIA when selecting investment managers over time. It is the belief of both the IC and the investment consultant that diversity of thought and perspectives across a variety of factors can lead to better investment outcomes and we will use best efforts to source and evaluate suitable minority, women and emerging managers.

### **Guiding Principles**

We will seek to incorporate ESG criteria in the Foundation's investment analysis and decision-making processes, particularly emphasizing profitable investments on a risk-adjusted basis with positive social and environmental impacts aligned with the priorities and values of the Foundation. To align with these principles, when appropriate the IC may select managers that:

- A. Utilize positive screening to proactively benefit the Foundation's performance.
- B. Utilize negative screening to limit the Foundation's involvement in those ESG issues which are antithetical to the Foundation's values, mission, and culture.
- C. Utilize integration and thematic investing to seek opportunities/solutions arising from the transition to a more sustainable economy.
- D. Advocate for appropriate disclosure on ESG issues by the investment managers and seek the incorporation of climate, racial equity and gender equity investment criteria into the investment processes and hiring practices of the underlying asset management firms in which we invest.

### **Reviewing the Responsible Investment Policy**

On an annual basis, the IC will use selective performance indicators to assess the progress towards established responsible investing transition goals; the effectiveness of the implementation plan; and potential revisions to the transition plan if and when new approaches to responsible investing emerge that should be considered, remaining consistent with the values, mission and culture of the Santa Barbara Foundation.