



# Environmental, Social and Corporate Governance (ESG) Investment Pool

The Alaska Community Foundation (“ACF”) announced in June of 2022 a new investment pool option for our fundholders. Fundholders may now elect to have their funds invested in the new Environmental, Social and Corporate Governance (ESG) Investment Pool. This pool option will be an alternative to our regular long-term investment pool option.

The ESG investment pool consists of a series of funds providing moderate growth exposure of 60% global equity, 40% US dollar-based investment grade fixed income Exchange-Traded Funds (ETFs). The new ESG Pool incorporates a broad spectrum of environmental, social, and governance factors as well as a broad negative series of screens removing weapons, oil sands, thermal coal, and tobacco. This pool offers a simple way to invest in a diversified, sustainable portfolio with a mix of global stocks and bonds while seeking similar risk and return to traditional growth allocation strategies.

## More Information

The ESG investment pool at ACF is an index-tracking, fund-of-funds (somewhat like a mutual fund) that provides moderate growth exposure to global stocks and bonds with positive ESG characteristics. The index uses a fixed allocation of 40% USD-denominated investment-grade fixed income Exchange-Traded Funds (ETFs) and 60% all-cap global equity ETFs which aim to represent a growth risk profile.

Ticker symbol EAOR is part of the ESG-oriented ETF suite with target-risk strategies offered by iShares. Recently created in June 2020, EAOR has an MSCI ESG Fund Rating of AA on a score of 7.3 out of 10. The rating measures the resiliency of portfolios to long term risks and opportunities arising from environmental, social, and governance factors. It has an environmental score of 6.2 (vs. 5.7 peer average), a social score of 5.6 (vs. 5.0 peer average), and a governance score of 5.3 (vs. 5.0 peer avg). EAOR utilizes overall negative screens of civilian firearms, controversial weapons, oil sands, thermal coal, tobacco, and a positive screen for favorable ESG practices (including Diversity, Equity, and Inclusion).

Fundholders wishing to elect to have their funds invested in the new ESG pool as an alternative to the regular long-term pool should contact ACF at [finance@alaskacf.org](mailto:finance@alaskacf.org) for the election form. The election of an investment pool will dictate the asset allocation and potential risk/return profile your fund’s charitable assets will experience. The return your assets experiences over time may be different than other funds at ACF and/or returns in other investment pools offered by ACF. Past performance is no indication of future performance or returns.



## Details

EAOR consists of underlying indexes as follows (as of May 17, 2023):

Ticker	Description	Overview	% of EAOR
ESGU	iShares ESG Aware MSCI USA ETF	Large to Mid-cap US Stocks with favorable ESG practices	35.10%
ESGD	iShares ESG Aware MSCI EAFE ETF	Large to Mid-cap stocks in Europe, Australia, Asia, Far East Favorable ESG	14.97%
ESGE	iShares ESG Aware MSCI EM	Large to Mid-cap Emerging Market stocks, Favorable ESG	6.26%
ESML	iShares ESG Aware MSCI USA Small Cap	Small-cap US stocks with favorable ESG practices	3.70%
EAGG	iShares ESG Aware US Agg Bond ETF	Investment Grade Bonds from issuers with favorable ESG	39.75%
XTSLA	BlackRock Cash Funds Treasury SL Agency	Cash or derivatives	0.22%

Issuer: Blackrock  
 Brand: iShares  
 Inception date: 6/12/2020

For more information and prospectus see:

<https://www.blackrock.com/us/individual/products/314409/ishares-esg-aware-growth-allocation-etf-fund>

## Definitions

**Environmental, Social, and Corporate Governance (ESG)** is an evaluation of a firm’s collective conscientiousness for social, environmental, and corporate governance factors. It is typically a score that is compiled from data collected surrounding specific metrics related to intangible assets within the enterprise. It could be considered a form of corporate social credit score. Research shows that such intangible assets comprise an increasing percentage of future enterprise value. While there are many ways to think of intangible asset metrics, these three central factors together, ESG, comprise a label that has been adopted throughout the United States financial industry. They are used for a myriad of specific purposes with the ultimate objective of measuring elements related to sustainability and societal impact of a company or business.



## Negative Screens

Screen	Definition
Civilian firearms	All companies classified as “Producer”. All companies classified as “Retailer” that earn 5% or more in revenue, or more than \$20 million in revenue, from civilian firearms-related products.
Controversial weapons	All companies with any tie to Controversial Weapons (cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments and incendiary weapons), as defined by the methodology of the MSCI Ex-Controversial Weapons Indexes.
Oil sands	All companies deriving 5% or more revenue from oil sands extraction, which own oil sands reserves and disclose evidence of deriving revenue from oil sands extraction. Companies that derive revenue from non-extraction activities (e.g. exploration, surveying, processing, refining) or intra-company sales are not excluded. Additionally, companies that own oil sands reserves with no associated revenue are also not excluded.
Thermal coal	All companies deriving 5% or more revenue (either reported or estimated) from the mining of thermal coal (including lignite, bituminous, anthracite and steam coal) and its sale to external parties. It excludes: revenue from metallurgical coal; coal mined for internal power generation (e.g. in the case of vertically integrated power producers); intra-company sales of mined thermal coal; and revenue from coal trading. All companies deriving 5% or more revenue (either reported or estimated) from the thermal coal based power generation.
Tobacco	All companies classified as “Producer” or “Licensor.” All companies classified as “Ownership by a Tobacco Company” or “Ownership of a Tobacco Company”. All companies classified as “Distributor”, “Retailer”, and “Supplier” that earn 15% or more in revenue from tobacco-related products.