



TIFF Investment Management

Annual Sustainability Report

As of Dec 31, 2022



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Executive Summary

Year-end Review

Each year we produce this report to communicate our progress on sustainability at TIFF. We primarily manage the capital of US non-profit organizations. One of our core goals as an asset manager is to help our members (clients) achieve intergenerational fairness by balancing current spending needs with protecting purchasing power to support spending for future generations. However, many of our members' missions are tied to intergenerational fairness in a much broader sense. Their missions are intended to make the world a better place tomorrow. They advance this goal by supporting causes such as environmental initiatives, medical research, advancement of human rights, equity for impoverished people, immigrants, and the arts. Advancing sustainability is a high priority at TIFF both because it is just and due to the goals of the members that we serve. In 2022, we made continued progress in this area with a particular focus on **mitigating and managing climate change** and supporting the **inclusive growth** of the asset management industry. At year-end, we formed an internal Corporate Responsibility Committee (CRC) comprised of key leaders across all functional areas at TIFF to galvanize all of our ongoing sustainability efforts and the work of existing DEI and ESG working groups, ensuring that these various initiatives and groups receive the necessary resources to achieve successful outcomes.

Mitigating Climate Change

Global carbon emissions increased by 1% in 2022 to a total of 36.8 billion metric tons in 2022, less than experts expected as renewable energy and some slowing economies kept the impact from resurgent coal power plants in check.¹ We have attempted to mitigate climate change through a combination of targeted investments and modifying our own behavior as an organization. Our portfolios include investments in strong businesses that provide products and services designed to facilitate a transition to sustainable energy, such as companies in the businesses of generation and distribution of renewable energy. We also invest with several managers who are active in the compliance carbon credit markets.

¹ <https://www.wsj.com/articles/carbon-emissions-climbed-less-than-feared-in-2022-despite-coal-resurgence-82f3d802>

Executive Summary

In addition, TIFF has for the first time committed to be **corporate net zero**, by aiming to reduce our emissions and offset 100% of the impact of our estimated residual emissions via a combination of donations to **The Nature Conservancy's** Plant a Billion Trees program and purchases of carbon credits in the voluntary carbon credits markets.²

Inclusive Growth

TIFF is committed to promoting manager diversity in our own portfolio and the asset management industry. We are glad to report that **TIFF manager diversity outperforms industry average definitively** and has been improving year on year. The Knight Foundation found that only 1.4% assets under management (AUM) of the US asset management industry were managed by women- or minority-owned firms as of 2021.³ By the same methodology that Knight Foundation uses, TIFF firm-wide AUM managed by diverse managers was 18% in 2022, up from 13% in 2021. In 2022, we continued to invest in excellent diverse managers. In addition, the percentage of diverse managers in our research pipeline has increased.

More broadly, we completed a self-assessment of our own manager selection process to ensure that we are choosing managers based on capabilities and not inadvertently discriminating against any manager. A priority for improving the diversity of our portfolios is enhancing our sourcing efforts in this area.

TIFF continues to make strides in improving the diversity of our own team. In 2020, we set out objectives that our firm composition roughly reflected society at large by 2025. We are pleased to report that TIFF's team reflects society today. We further note that we, in 2020, determined to embark on a program whereby we would attempt to improve the proportion of women and racial/ethnic minority financial management candidates through our intern program and our volunteer work. We are pleased to report that we have been able to deliver that initiative with a) the vast majority of interns for 2022 and prior years being diverse and b) our continued involvement with the Philadelphia Scholar program (described in greater detail later in this report).

² We have committed to donations in 2023 to offset our estimated carbon emissions in 2022.

³ <https://knightfoundation.org/topics/diverse-asset-managers/>

Executive Summary

2023 Outlook

Although we have made good progress in 2022, we realize there is more work to do.

- We have made several adjustments to the portfolio guidelines of our dedicated sustainable investment strategies that are intended to both increase societal impact and improve long-term returns
- We are conducting due diligence on energy transition managers in the marketable equities space
- We continue to expand our network of diverse managers by leveraging leads from our board, industry affiliations, business partners, and managers
- We are planning to hire eight interns in 2023, with a persistent focus on diversity and inclusion

Thank you, all stakeholders of TIFF, for your interest in TIFF's progress in sustainability investments and initiatives. We hope to hear your recommendations on sustainable investments and diverse managers to keep progressing our work to advance the climate transition and inclusive growth of capital.

C. Kane Brennan
Chief Executive Officer

What to Expect in This Report

TIFF's 2022 Sustainability Report shares the ways in which TIFF incorporates environmental, social, and governance (ESG) and diversity, equity, and inclusion (DEI) factors into our investment processes and firm culture. We provide information based on **TIFF's 2x2 Sustainability Framework**: internal, external, ESG, and DEI.

Internal ESG and DEI

We provide estimates of TIFF's corporate carbon footprint and announce our commitment to reduce and offset our estimated carbon emissions to bring TIFF corporate emissions to net zero.

We discuss TIFF's progress in the recruitment, retention, and development of full-time employees and interns with a focus on diversity and inclusion. We present TIFF's continuous commitment to make positive impact on society, via our donations and community involvement.

External ESG and DEI

We define TIFF's sustainable investment principles, describe the ESG/DEI integration in our investment processes, introduce our dedicated sustainable investment strategies.

We summarize and compare our manager diversity by assets under management (AUM) with industry benchmark.

We summarize our manager engagement progress and highlight key ESG and DEI areas where our managers engage with portfolio companies.

We strive to align our culture with that of the non-profit community and broaden our impact on society.

TIFF Sustainability Framework

Why we practice sustainability

Better investment processes

Better alignment with members

Better access to talent

Better society

	Internal	External
ESG	<ul style="list-style-type: none"> Environment and carbon footprint 	<ul style="list-style-type: none"> Sustainable investment strategies
DEI	<ul style="list-style-type: none"> Workplace diversity Employee resource groups supporting inclusion 	<ul style="list-style-type: none"> Manager diversity
	<ul style="list-style-type: none"> Financial support of non-profit communities Community involvement through volunteering 	

TIFF's DEI Beliefs and Commitment

Why we integrate DEI into our processes

We believe that increased diversity within the investment management industry improves outcomes for TIFF, our members, and society



How We Behave

Cultivate a workforce that reflects the diverse makeup of our members, communities, and the world



How We Invest

Identify and support diverse managers who deliver value in investment portfolios



How We Engage

Drive change through initiatives at TIFF and the broader investment industry

Internal ESG and DEI

TIFF Carbon Footprint

TIFF offices are highly energy efficient. We have also made continuous efforts to further reduce the firm’s environmental footprint.

We measure our own carbon emissions, including Scope 2 emissions from purchased electricity and Scope 3 emissions from business travel and commutes. Our emissions have declined from 2019 baseline levels, mostly due to travel reduction. In the post-COVID world, it has become far more common to conduct meetings over video. In addition, we have limited unnecessary travel and combined trips where possible on the investment team.

We have also set a goal that for the residual emissions we generate, we will reduce and offset their impact. We assessed 15+ vendors that could potentially help offset our corporate carbon emissions, including those in the markets of renewable energy certificates (RECs), carbon credits from the compliance and voluntary markets, and investments in renewable projects and clean technologies. TIFF has committed to donating to **The Nature Conservancy (TNC)** and using carbon credits from the voluntary markets to bring our net emissions to zero in 2022.

Founded in 1951, TNC is one of the most effective and wide-reaching environmental organizations in the world. It has conducted conservation work in 76 countries and territories and protected more than 126 million acres of land. TIFF’s donations to TNC will go to TNC’s Plant a Billion Trees program, a major forest restoration program with the goal to plant a billion trees across the planet to slow the connected crises of climate change and biodiversity loss.

	2019	2020	2021	2022
Number of employees	61	61	64	69
Scope 1 emissions (from creation of products and services) ⁴	#N/A	#N/A	#N/A	#N/A
Scope 2 emissions (from purchased electricity)	109	26	25	34
Scope 3 emissions (from business travel)	681	170	169	174
Total Scope 1, 2 & 3 emissions, before offsets and reductions ⁵	790	196	194	208
Offsets and Reductions				208
Total Scope 1, 2 & 3 emissions, after offsets and reductions	790	196	194	0
Scope 1, 2 & 3 emissions per person	13.0	3.2	3.0	0

⁴ TIFF had no direct exposure.

⁵ Includes air, car, rail, and hotels.

TIFF Diversity, Equity & Inclusion (DEI) Statement of Purpose

Statement of Purpose

An Opportunity to Thrive

TIFF strives to promote a diverse, equitable, and inclusive culture that has a lasting impact on our staff, as well as our business partners and members. Through our unique differences, knowledge, and experiences, each TIFF staffer makes significant contributions to our firm’s culture and, ultimately, our success.



- We believe that having diverse employees with varied backgrounds leads to better debate and decisions and thus better results for TIFF and our members
- We work to enhance our DEI culture through training, mentoring, and affinity groups
- We are building a workforce that reflects the diverse makeup of our members, non-profits, our communities, and the world
- We engage with our investment managers to understand how they are approaching diversity, equity & inclusion within their organizations and as they make investments, and measure their DEI progress through an annual survey

TIFF DEI Practices

Workforce Diversity

TIFF's recruiting process seeks to identify a diverse pool of qualified candidates. We leverage our relationships and partnerships with diversity-focused organizations such as WIN (Women in Investing), 100 Women in Finance, Chief, and others. TIFF has defined goals for diverse hiring throughout the organization, particularly in management, leadership, and investment roles.

Internship Program

TIFF's internship program seeks to provide early career opportunities to individuals who come from diverse backgrounds. We use a multi-pronged approach to identify a diverse pool of qualified interns, casting a wide net to include recruiting from, among others:

- Relationships with Historically Black Colleges and Universities (HBCUs) and other colleges with diverse student bodies
- Diversity programs and University of Chicago's Rogers Scholars Program in Finance providing internships in finance and social impact
- Drexel University's Co-op Program

We have hired summer interns for positions on teams including Private Markets, Equity-oriented Strategies, Diversifying Strategies, Finance, IT, and Operations. Our goal is to hire a diverse group across both racial/ethnic and gender identifications. These internships offer practical, hands-on opportunities to learn about our industry and provide valuable work skills to help interns compete at the next level of experience. We ultimately hope that the intern program will provide us early access to young talent that we consider for full-time positions in the future.

TIFF DEI Practices

Staff Development and Growth

The TIFF DEI Committee established approximate staff diversity parameters, with an organizational goal of reflecting society at large across multiple metrics by 2025. While recognizing that these objectives are not fully representative of the many dynamic aspects of our current and future staff diversity definitions, we are well ahead of schedule in meeting these specific parameters.

- In 2022, 80% of TIFF hires were women and 20% were members of historically under-represented groups (racial/ethnic minorities)
- 54% of TIFF's total staff and 40% in manager level positions and above are women
- 16% of TIFF's total staff and 11% in management roles are members of historically underrepresented groups
- 88% of TIFF's 2022 interns were women and/or members of historically underrepresented groups

TIFF Donations and Community Involvement

Community Involvement

TIFF has a culture of service and gives back to the community through three main segments: Financial Support, TIFF-sponsored “Days of Caring” and Service Projects and Independent Employee Volunteerism.

Financial Support	Days of Caring/Service Projects	Volunteerism
<p>Donations During the last 7 years, TIFF employees, board directors, and TIFF (via direct and matching gift donations) as a firm have collectively contributed \$6.2 million to more than 500 nonprofit organizations, in areas such as animal rights & welfare, arts & culture, education, environment, health & human services, human rights, social justice & gender equality, international/humanitarian aid, and religion.</p> <p>Philadelphia Financial Scholars TIFF is a founding member of the nonprofit organization, Philadelphia Financial Scholars, and has made a financial commitment to help Philadelphia high school students and their families achieve financial empowerment.</p> <p>Employee Engagement TIFF donated proceeds from employee engagement events to charities of employee winner's choice, benefitting organizations supporting those impacted by cancer and food insecurities.</p>	<p>TIFF's Days of Caring program provides employees with 16 service opportunity hours. This includes TIFF-sponsored service with organizations such as:</p> <ul style="list-style-type: none"> ▪ Boston Health Care for the Homeless ▪ Cradles to Crayons ▪ Joy of Sox, providing socks to homeless people ▪ Natural Lands Trust ▪ New England Center and Home for Veterans ▪ Philabundance, MANNA, Greater Boston Food Bank, and Chester County Food Bank ▪ Philadelphia Financial Scholars ▪ Ronald McDonald House ▪ The Wardrobe, providing career clothes to men and women ▪ Toys for Tots 	<p>TIFF employee volunteerism is an integral part of our community involvement. Over the years, our employees have volunteered with and served on boards and board investment committees of organizations within nearly every facet of the non-profit arena:</p> <ul style="list-style-type: none"> ▪ Domestic violence organizations ▪ Educational organizations (college and K-12 institutions) and alumni groups ▪ Food insecurity organizations ▪ Hospitals and health related organizations ▪ Land preservation societies ▪ Professional associations ▪ Religious organizations ▪ Social justice organizations ▪ Youth athletic groups ▪ Youth programs around finance skills/careers including Philadelphia Financial Scholars ▪ Veterans organizations

External ESG and DEI

Sustainable Investing Defined

TIFF uses “sustainable investing” as an umbrella term for the various ways that ESG and DEI analyses are incorporated into investment strategies across our industry. The below bullets are common ways these approaches are described. TIFF incorporates ESG integration across all investments and employs additional strategies for TIFF’s dedicated sustainable investment offerings.

- ESG integration: taking a holistic approach where ESG analysis is one influential component of investment research
- Shareholder engagement: engaging with company management teams and boards to promote sustainable practices
- Thematic: investing in businesses creating solutions to environmental and social issues



TIFF Sustainable Investment Principles

TIFF believes that incorporating financially material environmental, social & governance (ESG) and diversity, equity & inclusion (DEI) factors into investment analyses has the potential to reduce risk and improve returns.

We believe that:

- Companies maximize long-term shareholder return by creating and sharing value with all three major constituent groups: owners, employees, and customers. Businesses that do not create value for all three groups ultimately will face competitive threats. Therefore, good performance on a variety of sustainability issues is consistent with long-term competitive advantage and high long-term shareholder return
- Corporations are inextricably linked to the human and environmental systems in which they are embedded through their physical footprints, supply chains, labor practices, community relations, and products & services
- As a long-term investor and steward of multi-generational capital, TIFF and its external managers have a duty to analyze ESG and DEI risks and opportunities based on an assessment of financial materiality, to limit the negative impact of our investments, and to maximize positive impact while attempting to meet the risk and return goals of our members

In short, we believe that corporate value is dependent upon multi-stakeholder value creation.

TIFF ESG/DEI Integration Process

TIFF incorporates ESG analysis into all investment decisions across asset classes. We also conduct an annual manager ESG/DEI/proxy voting survey. Our process is based on financial materiality: We focus on those industry- and company-specific ESG and DEI factors that influence corporate value. TIFF uses a combination of methods in our process.

- **Manager engagement:** As part of both initial diligence and ongoing monitoring, we evaluate managers' use of ESG factors in their investment process. We share resources with managers and have helped managers create ESG processes. We conduct an annual ESG/DEI/proxy voting survey, in which we ask managers for their ESG, DEI, and proxy voting policies and practices, as well as demographic information on their staffs
- **ESG factor measurement:** We use third-party service providers to measure our public equity investments on multiple ESG criteria
- **Study sustainability themes:** We conduct primary research on sustainability-driven industry themes and trends, such as the energy transition, water, healthcare, sustainable agriculture, and racial equity, among others. This process includes analysis of emerging technologies, business models, and regulations
- **Stakeholder engagement:** Our staff are involved in various ESG and DEI working groups and engage with portfolio companies directly, helping to develop industry best practices
- **TIFF CRC, ESG Committee (ESGC), and DEI Committee (DEIC):** The ESGC and DEIC make recommendations to the CRC on our ESG/DEI processes and ways to improve the sustainability profile of TIFF as a firm

TIFF Sustainable Investments

TIFF Public Market Sustainable Investment Strategies

In July 2020, we launched our dedicated comprehensive sustainable investments strategy, which includes public equities, diversifying strategies (including hedge funds and compliance market carbon credits), and fixed income. A dedicated global equity sustainable investments strategy is also available. These dedicated sustainable investment strategies focus on managers that meet at least one of the below criteria:

- Engages with portfolio companies on sustainability issues and/or integrates ESG considerations into the investment process
- Represents a diverse firm
- Exclusively or largely dedicated to thematic exposures, including the energy transition, resource efficiency, water, and healthcare

TIFF Custom Impact Private Investments

For members interested in impact investments aimed at generating social and environmental impact alongside a financial return, TIFF has the capacity to offer Custom Impact Private Investments (CIPI) to make targeted investments that align with our members' missions and values. TIFF's impact investment pipeline includes themes such as affordable housing, CleanTech, EdTech, financial inclusion, food & AgTech, health & wellness/healthcare, immigrant, local impact, and social justice. Our pipeline also includes investments targeting specific geographies.

TIFF Sustainable Investment Resources and Affiliations



TIFF is committed to pursuing and helping develop best practices in sustainable investing. We are aligned with leading sustainable investment organizations. All investment professionals at TIFF are trained to conduct ESG and DEI analyses. In addition, we have staff dedicated to managing sustainable investments.

TIFF CEO **Kane Brennan**, is a member of **CEO Action for Diversity & Inclusion**, which pledges to act on supporting a more inclusive workplace for millions of employees, communities, and society at large.



TIFF CIO **Jay Willoughby**, CFA, served on the board of the **Sustainability Accounting Standards Board (SASB; later known as the Value Reporting Foundation)** from 2017 to 2022, which in 2021 was consolidated into the IFRS Foundation. SASB developed global standards for public company reporting of financially material ESG information.



TIFF is a **Principles for Responsible Investment (PRI)** signatory. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system. The aggregate AUM of PRI signatories is over \$121 trillion.⁶

Signatory of:



TIFF is a member of the **Intentional Endowments Network**, whose vision is that all endowed institutions mobilize capital to create a world where all people thrive with equal access to personal and economic opportunity. TIFF is also a member of **IADEI**, which is a consortium of asset owners that seeks to drive diversity, equity, and inclusion within institutional investment teams and portfolios and across the investment management industry.



TIFF Head of Sustainability **Julia Zhan** holds the **Fundamentals of Sustainability Accounting (FSA)** credential.



⁶ PRI website: www.unpri.org

Manager Diversity, Equity & Inclusion

TIFF manager diversity outperforms the industry average and has been improving year on year. The table below shows our manager diversity by TIFF's standard and by Knight Foundation's standard.

- TIFF's definition for diverse managers is $\geq 33\%$ women or historically underrepresented groups by ownership (the number of equity owners or share of ownership stake) or senior management (C-suite, or key investment professionals such as Portfolio Manager and Managing Partner). Historically underrepresented groups include Asian, American Indian or Alaskan Native, Black or African American, Hispanic or Latino, Native Hawaiian or Pacific Islander, and two or more races.
- The Knight Foundation's definition for diverse manager (US-based firms only) is $\geq 50\%$ ownership by women or racial/ethnic minorities. The Knight Foundation estimated that only 1.4% of funds in the US asset management industry are diverse.

We test for bias in our manager selection process. From assessments of our trajectory of manager diversity in our pipeline and new hires, we do not believe there is bias in our selection process.

Active Manager Diversity by AUM ⁷	2020	2021	2022	2021
	TIFF Total	TIFF Total	TIFF Total	Knight Ind. Avg.
TIFF diversity definition	47%	50%	52%	N/A
Knight diversity definition	8%	13%	18%	1%

⁷ Results based on manager survey results. For non-responders, we estimate manager diversity by our knowledge of the managers' team. AUM numbers include all active TIFF managers as of each reporting year end, across marketable equity, diversifier, private markets (net asset value and committed), and fixed income. We received responses from 80% of managers for our 2022 diversity survey, a similar response rate to prior years. The comparison by TIFF diversity definition include all TIFF managers globally. The comparison by Knight diversity definition includes US-based TIFF managers only.

Manager Engagement

We believe that one of the most important drivers of improvement in ESG and DEI is engagement. If asset owners and their service providers engage with managers, managers engage with corporations, and corporations change their behavior toward their stakeholders, then as a financial community we can drive positive change while increasing the value of our investments.

When engaging with managers, we focus on factors that we deem material to the investment performance of our partners, including climate and manager diversity. We have also asked managers to discuss their proxy voting policies and practices in detail. Among managers that responded, key highlights are as follows.

Engagement with Portfolio Companies

- TIFF managers engaged with more than 1,200 companies in 2022, by meeting management, communicating by private and public letters, and making calls
- Most managers engage with portfolio companies on ESG issues. Governance and climate are the two most common topics of engagement
- Many managers leverage industry frameworks and affiliations such as Sustainability Accounting Standards Board (SASB) Standards, Carbon Disclosure Project (CDP), and the Principles for Responsible (PRI) to help define material ESG issues and mobilize portfolio companies and peers for action

Proxy

- All managers vote proxies, except for quant/algorithm driven managers and carbon credit managers
- Most managers use a 3rd party proxy advisor to assist their research and execution
- Most managers consider ESG and DEI in proxy voting decisions

Appendix

Disclosures

The materials are being provided on a confidential basis for discussion purposes only and constitute neither an offer to sell nor a solicitation of an offer to buy securities. Offerings of the securities are only made by delivery of the prospectus or confidential offering materials of the relevant fund or pool, which describe certain risks related to an investment in the securities and which qualify in their entirety the information set forth herein. Statements made herein may be materially different from those in the prospectus or confidential offering materials of a fund or pool.

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