

**City of Albany**  
**ESG Implementation Policy – Effective September 8, 2025**

***Sustainability & ESG Investment Parameters Applicable to the PFAM-Managed Investment Portfolios***

ESG investing is the process of incorporating the analysis of non-financial environmental, social, and governance (“ESG”) factors into the investment decision process alongside traditional financial criteria. As set forth on page 6 of the City of Albany Investment Policy (the “Policy”) adopted September 2, 2025, and this ESG Implementation Policy, it is the City’s objective to integrate ESG factors, to the extent practical and possible, into the investment decision process for the investment portfolios managed by PFM Asset Management (“PFMAM” or the “Investment Advisor”). To achieve this objective, the City will apply the Sustainability & ESG Investment Parameters set forth below to the Authorized Investments as defined in the Policy for the PFAM-managed investment portfolios.

As detailed in the table below, the Sustainability & ESG Investment Parameters will be based on issuer/parent corporation-level ESG Risk Ratings, industry/subindustry categories, and subindustry percentiles as defined by Sustainalytics.\* Bloomberg BB Sectors are also utilized.

<b>Sustainability &amp; ESG Investment Parameters</b>	
<b>Criteria #1: Industry Exclusions</b>  <i>Based on Sustainalytics industry definitions and Bloomberg BB Sectors</i>	Sustainalytics Industries: (1) Energy Services (2) Oil & Gas Producers (3) Aerospace & Defense (4) Refiners & Pipelines Bloomberg BB Sectors: (5) Firearms & Ammunition (6) Tobacco
<b>Criteria #2: ESG Risk Rating Limit</b>  <i>Based on Sustainalytics ESG Risk Ratings</i>	An eligible issuer’s ESG Risk Rating must be medium or lower (< 30 on a scale of 0-100, where lower scores indicate less ESG-related risk)
<b>Criteria #3: Subindustry Top Performers Rule</b>  <i>Based on Sustainalytics Subindustry Percentiles</i>	An eligible issuer’s Subindustry Percentile must be below 50, meaning the issuer falls within the top 50 <sup>th</sup> percentile for issuers rated within the same subindustry; ranking/percentile is based on the ESG Risk Rating
<b>Authorized Investments subject to the City’s Sustainability &amp; ESG Investment Parameters</b>	(1) Banker’s Acceptances (2) Commercial Paper (3) Negotiable Certificates of Deposit (4) Medium Term Notes (i.e., Corporate Notes) (5) Asset-Backed Securities

For investments held prior to the effective date of this ESG Implementation Policy, the Sustainability & ESG Investment Parameters do not apply. Previously held investments that are not consistent with the criteria defined herein will be liquidated prior to maturity if and only if the sale would not result in a financial loss for the City. If the early sale would result in a financial loss to the City, the investment will be held until either (1) the time at which it can be sold without a loss or (2) until maturity.

Further, after the adoption of this ESG Implementation Policy, the Sustainability & ESG Investment Parameters are in effect at time of purchase of the investment. If a previously purchased investment no longer satisfies the Sustainability & ESG Investment Parameters set forth herein (i.e., the ESG metrics change over time), the security will continue to be held unless the City directs the Investment Advisor to sell it.

This ESG Implementation Policy will be reviewed at least annually in conjunction with the required annual review of the City's Investment Policy.

*\* Sustainalytics, a Morningstar Company, provides independent ESG and corporate governance research, ratings, and analytics to institutional investors and companies. The firm supports investors around the world with the development and implementation of responsible investment strategies.*

ADOPTED SEPTEMBER 2, 2025 BY CITY COUNCIL RESOLUTION NO. 2025-58, EFFECTIVE  
SEPTEMBER 8, 2025