



# Impact Report

2Q 2021

# Minority CARES Impact Report

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On Juneteenth of 2020, Community Capital Management (CCM) announced the launch of its new initiative, Minority Community Advancement Racial Empowerment Strategy (CARES). The program allows institutional and retail investors the opportunity to direct their fixed income capital to advance racial equality, tackle social disparities, and help build an economy that provides opportunities for everyone from affordable housing to access to capital – the basic building blocks of income equality. Minority CARES anticipates investing over \$2 billion over the next five years in market-rate bonds that align with the values of social justice, improvement in the lives of those in historically marginalized communities, and increased economic opportunity for people of color.

Minority CARES utilizes CCM's bespoke investment-grade fixed income impact strategy already available on major platforms and in various impact investing models. It looks to invest in market-rate and well-researched bonds that have direct and measurable positive societal impacts to minority individuals, families, and communities and includes investments made in majority-minority census tracts (greater than 50%) along with eight of CCM's 18 existing impact themes. All of the investments made in Minority CARES are subject to CCM's pioneering use of proceeds analysis and tracked within CCM's proprietary impact database for reporting and transparency.

### Minority CARES Highlights as of 06/30/2021<sup>1</sup>

# \$795m

Investment in initiative on behalf of clients since its launch

## 47 States

+ District of Columbia  
+ Puerto Rico

Number of states where capital targeting Minority CARES has been directed

## 895 Loans

Number of loans to minority borrowers

## \$505m

Dollar amount invested in 839 unique majority-minority census tracts<sup>2</sup>

## 432 Loans

Number of loans to minority women borrowers

## 73,366 Units

Number of affordable rental housing units in Minority CARES initiative

## \$156m

Dollar amount invested in 99 unique racially/ethnically concentrated areas of poverty (R/ECAP)<sup>3</sup>

A **majority-minority census tract** has a population that is at least 50% minorities, which means that more than half of individuals in the census tract are minorities, i.e. Black, Asian, Hispanic, Asian-Pacific Islander, and/or Native American.

To assist communities in identifying **racially/ethnically-concentrated areas of poverty (R/ECAPs)**, HUD has developed a census tract-based definition of R/ECAPs. The definition involves a racial/ethnic concentration threshold and a poverty test.<sup>4</sup>

While gender lens is not one of the eight identified impact themes in the minority CARES initiative, we thought it was worthwhile to share this additional level of data given women's fight for gender equality and their ongoing need for safe, decent, and affordable housing.

<sup>1</sup> All data are approximate figures. All data in this report is since the launch of the initiative on 06/19/20 to 06/30/21.

<sup>2</sup> As of 06/30/21, we updated our count of majority-minority census tracts so that each census tract counts as one unique tract even if there are multiple investments in one majority-minority census tract.

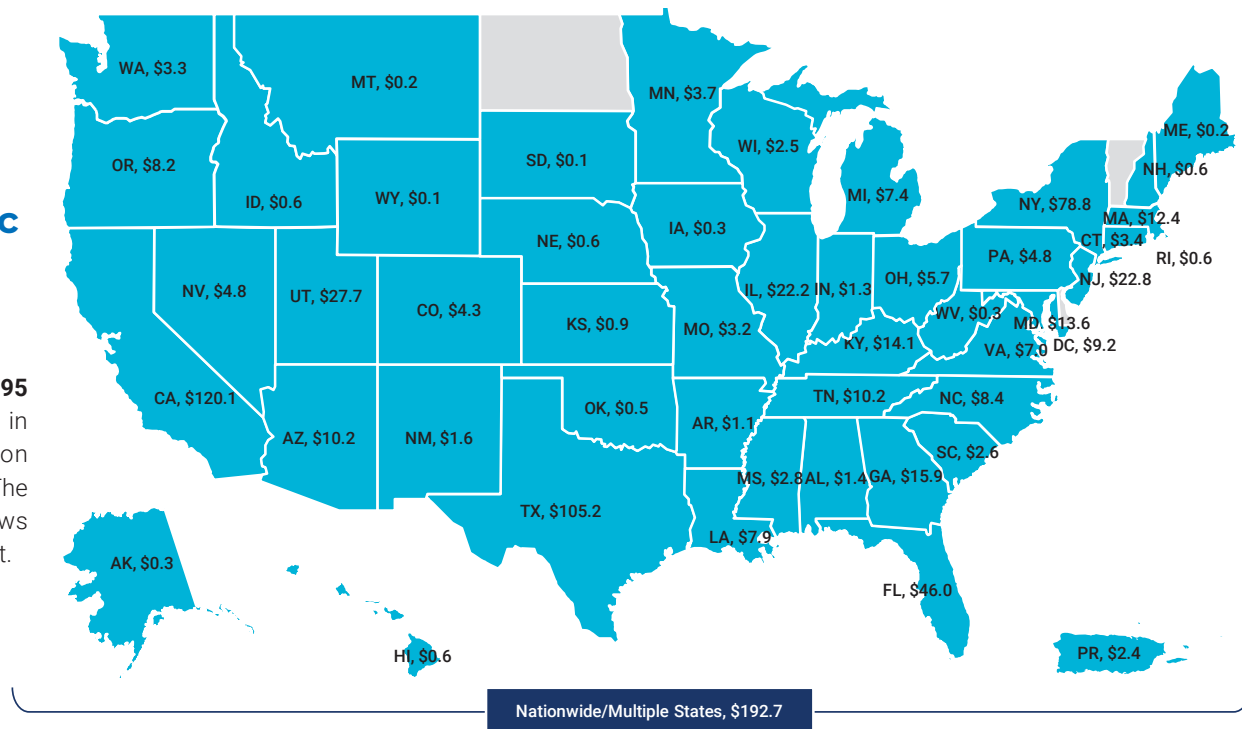
<sup>3</sup> As of 06/30/21, we updated our count of R/ECAPs so that each census tract counts as one unique tract even if there are multiple investments in one R/ECAP.

<sup>4</sup> [https://hudgis-hud.opendata.arcgis.com/datasets/56de4ed-ea8264fe5a344da9811ef5d6e\\_0](https://hudgis-hud.opendata.arcgis.com/datasets/56de4ed-ea8264fe5a344da9811ef5d6e_0)

## Minority CARES Geographic Impact

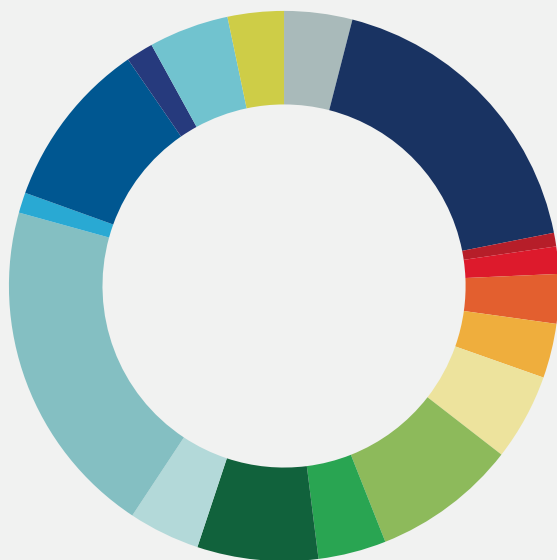
(in \$Millions)

CCM has invested **\$795 million** nationwide in Minority CARES on behalf of its clients. The following map shows state-by-state impact.



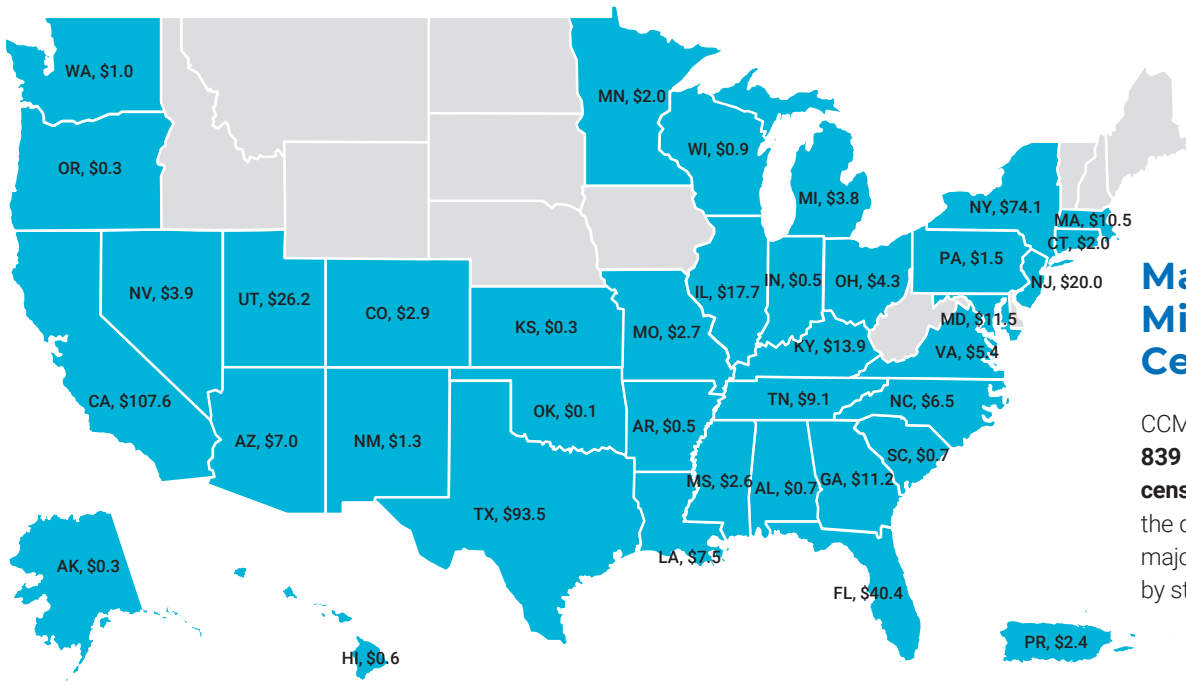
## Minority CARES and Impact Themes

The chart below shows how the investments in Minority CARES align with all of CCM's 18 impact themes, with each investment aligning with at least one of the eight themes in the program.



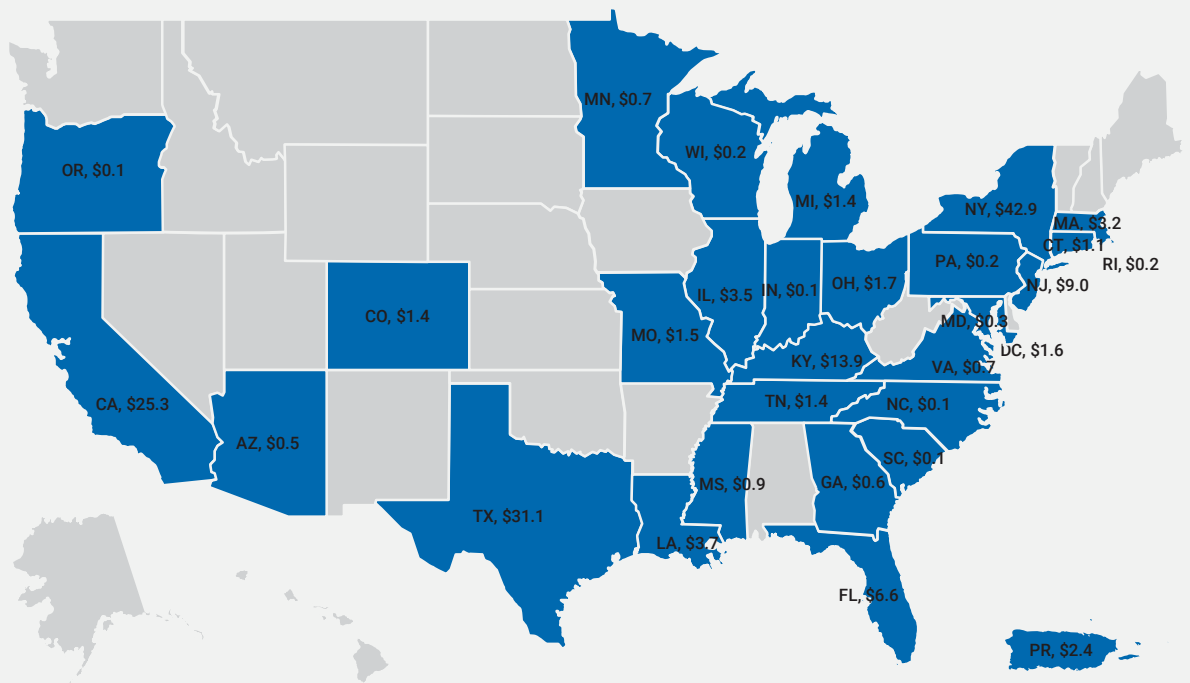
Affordable Health and Rehabilitation Care	4.0%
Affordable Housing	17.9%
Arts, Culture, and the Creative Economy	0.8%
Disaster Recovery, Resilience, and Remediation	1.6%
Economic Inclusion	2.9%
Education and Childcare	3.2%
Enterprise Development and Jobs	5.1%
Environmental Sustainability	8.5%
Gender Lens	4.0%
Healthy Communities	7.1%
Human Empowerment	4.2%
Minority Advancement	20.0%
Neighborhood Revitalization	1.2%
Poverty Alleviation	9.9%
Rural Community Development	1.6%
Seniors and the Disabled	4.7%
Sustainable Agriculture	0.0%
Transit-Oriented Development	3.3%





## R/ECAP Census Tracts

CCM invested **\$156 million** in **99 unique R/ECAPs**. The map shows the dollar amounts invested in R/ECAP census tracts by state (in \$Millions).



# Impact Stories: Minority CARES Investments

## Salesforce

Location: **Nationwide** | Sector: **Corporates**

Salesforce.com, Inc., is a global leader in enterprise software with a focus on customer relationship management (CRM) technology. In June 2021, Salesforce issued a \$1 billion sustainability bond to finance innovative projects that address global environmental and social challenges. Projects may be in categories including technology for climate action, green buildings, renewable energy, pollution prevention and control, nature-based solutions, sustainable water management, technology for social good, commitment to racial equality, and socioeconomic advancement and empowerment.

Proceeds of the sustainability notes will be used to finance new and existing projects in these categories:

**1. Technology for Climate Action:** Investments related to technologies and solutions that enable or amplify environmental impact. Expenditures may include:

- Research and development, distribution, and maintenance of a sustainability information system built on the Salesforce platform, such as the Salesforce Sustainability Cloud, designed to enable customers to measure and manage their environmental impact, such as greenhouse gas emissions from offices, data centers, business travel, and employee commuting.

**2. Green Buildings:** Expenditures related to the acquisition, design, development, construction, certification, furnishing, equipping, leasing, or maintaining of Salesforce office facilities. Example projects may include:

- Offices that are owned or leased for 10 years or longer and that have received, or are expected to receive, third-party sustainable certifications such as International Living Future Institute Zero Carbon and LEED Gold or Platinum certifications.

**3. Renewable Energy:** Expenditures related to the construction, development, acquisition, maintenance, and operation of renewable energy projects with direct emissions of less than 100g CO<sub>2</sub> e/kWh that are long-term and new to the grid, such as solar and wind. Example projects may include:

- Installation of onsite renewable energy generation
- Utility renewable energy offerings
- Virtual power purchase agreements and power purchase agreements entered into before commercial operation began at the renewable project and that meet the company's additionality objective of bringing new renewable energy sources to the grid.

**4. Pollution Prevention and Control:** Expenditures related to carbon credits for projects that are designed to reduce or sequester greenhouse gas emissions. These may include:

- Clean cook stoves, and the restoration of natural ecosystems, in each case with third-party verification such as by the Gold Standard or an equivalent standard.

**5. Nature-Based Solutions:** Expenditures related to projects designed to support and mobilize the conservation, restoration, and growth of natural ecosystems, such as forests, in an ecologically and socially responsible manner, adhering to the IUCN's Global Standard for Nature-Based Solutions and in line with Together with Nature. Expenditures may include:

- Environmentally sustainable forestry, including afforestation or reforestation, and preservation or restoration of natural landscapes.



Salesforce.com, Inc., is a global leader in enterprise software with a focus on customer relationship management (CRM) technology. It was founded in 1999 and is headquartered in San Francisco, California. The company holds the largest share of the CRM market and remains the fastest-growing enterprise software company in the world, even at its scale. Salesforce connects customer data across systems, apps, and devices to help companies sell, service, market, and conduct commerce. In July 2020, Salesforce announced philanthropic and business commitments totaling at least \$410 million in support of efforts to address racial inequality and injustice.

### IMPACT THEMES THIS INVESTMENT HELPED SUPPORT:

Enterprise Development and Jobs



Human Empowerment



Environmental Sustainability



Gender Lens



Minority Advancement



**6. Sustainable Water Management:** Expenditures related to sustainable water management, such as water reuse and recycling, efficiency, conservation, restoration, and water quality projects that are expected to improve Salesforce's water impact. Expenditures may include:

- Water restoration projects
- Greywater and blackwater recycling systems
- Green roofs
- Low flow fixtures and appliances
- Dry cooling systems

**7. Technology for Social Good:** Expenditures related to technologies and solutions that enable or amplify social impact. Expenditures may include:

- Research and development, distribution and maintenance of information systems or solutions built on the Salesforce platform designed to enable customers, non-profits, and higher education institutions to measure and manage their social impact programs and philanthropy goals, including the Salesforce Non-Profit Cloud, Salesforce Philanthropy Cloud, and Salesforce Education Cloud.

**8. Commitment to Racial Equality:** Expenditures focused on advancing economic opportunity and equity for underrepresented communities, as well as promoting greater diversity and inclusion. Expenditures may include:

- Procurement of products and services from certified or classified diverse suppliers, using the company's market position to boost economic opportunities for entrepreneurs from underrepresented populations.
- Increasing access for Black and other underrepresented communities, including workforce development programs, training and education, inclusive hiring initiatives, and diversity recruiting efforts dedicated to sourcing talent from underrepresented communities.

**9. Socioeconomic Advancement and Empowerment:** Expenditures related to widening access to the technology industry for all, including workforce development programs dedicated to upskilling, training, and hiring for the jobs of tomorrow, developing and promoting products and solutions that improve learning outcomes, and promoting digital inclusion. Expenditures may include:

- Workforce development and empowerment programs to support access, retention, belonging, and fairness at every stage of the employee journey, targeting women, veterans, and other underrepresented communities, including mentorship programs, executive coaching initiatives, equal pay, and/or other employee advocacy resources.
- Opportunities for veterans and the military community to participate in professional development and upskilling programs, gain high demand technology skills, and enable successful career transitions, as well as providing the company's partners with a diverse and trained talent pipeline.
- Building and maintaining a technology platform and support infrastructure and providing unemployed and underemployed individuals with access to education, training, mentors, and other professional resources, either within the Salesforce ecosystem or elsewhere in their communities.

Salesforce has established a committee that will assess and select projects eligible to receive proceeds from the sustainability notes. The committee will ensure that projects align with the company's Sustainable Bond Framework, prioritizing projects with demonstrable and measurable environmental or social benefit and that align with Salesforce values. Each year until all proceeds have been allocated, Salesforce will publish a report that will include how much of the proceeds have been allocated, the categories to which proceeds have been allocated, expected impact metrics, and the outstanding amount of proceeds yet to be allocated. The report will be accompanied by a report from an independent accounting firm that has examined the company's assertions of how proceeds were allocated.





## Freddie Mac Social Bond

Location: **Nationwide** | Sector: **Agency CMBS**

The Freddie Mac Social Bond consists of Freddie Mac Multifamily Mortgage Participation Certificates secured by 1,267 multifamily properties across 39 states and the District of Columbia. Proceeds help address the significant shortage of community-based homes critical to deinstitutionalizing care for people with disabilities in high-poverty areas in the United States. The 1,267 multifamily properties provide affordable housing and care for 4,462 intellectually and developmentally disabled residents. Approximately 90% of those 4,462 beds are reserved for people with very low incomes (no more than 50% of the area median income), which helps individuals with disabilities to live and work in their communities.

In addition to providing affordable housing for disabled residents:

- 100% of the loans financed provide housing in Persistent Poverty Counties, Areas of Concentrated Poverty, High Opportunity Areas, and Qualified Allocation Plans, Qualified Census Tracts, and Difficult Development Areas
- 85.7% of the loans financed provide housing in High Needs Rural regions, which are defined as rural areas in Middle Appalachia, Lower Mississippi Delta, or Colonias, or census tracts located in Persistent Poverty Counties
- 71.4% of the loans financed provide housing in Racially/Ethnically Concentrated Areas of Poverty (R/ECAP)

Social Bond proceeds will be dedicated to either providing liquidity to financial institutions with a distinct mission of addressing affordable housing challenges or to provide financing to certain underserved groups considered to be among the most vulnerable. These proceeds provide liquidity to social impact financial institutions (community development financial institutions, housing finance agencies, small financial institutions operating in underserved markets) financing affordable multifamily properties, or provide financing for multifamily properties that are:

- Affordable to underserved populations
- Owned and operated by targeted sponsors (minorities, women, and disabled individuals-owned businesses) and affordable to low-to-moderate-income families
- Supporting social impact projects (The Rental Assistance Demonstration, transitional housing), as detailed in the Social Bonds Framework



### IMPACT THEMES THIS INVESTMENT HELPED

**Affordable Housing**



**Minority Advancement**



**Poverty Alleviation**



**Rural Community Development**



**Seniors and the Disabled**



## About CCM

Community Capital Management, Inc. (CCM) is an investment adviser registered with the Securities and Exchange Commission. Headquartered in Fort Lauderdale with employees in Boston, Charlotte, the New York City area, and Southern California, CCM was founded in 1998 and manages over \$3.5 billion in assets. The firm believes a fully integrated portfolio – one that includes environmental, social, and governance (ESG) factors – can deliver strong financial performance while simultaneously having positive long-term economic and sustainable impact. CCM's strategies utilize an innovative approach to fixed income and equity investing by combining the positive outcomes of impact and ESG investing with rigorous financial analysis, an inherent focus on risk management, and transparent research. For more information, please visit: [www.ccminvests.com](http://www.ccminvests.com).

*Community Capital Management, Inc. (CCM) is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Registration as an investment adviser does not imply a certain level of skill or training. The verbal and written communications of an investment adviser provide you with information you need to determine whether to hire or retain the adviser. Past performance is not indicative of future results. CCM has distinct investment processes and procedures relating to the management of investment portfolios. The firm's strategies are customized, rather than model-based, and utilize an innovative approach to fixed income and equity investing by combining the positive outcomes of impact and environmental, social, and governance (ESG) investing with rigorous financial analysis, an inherent focus on risk management, and transparent research. Bonds are subject to interest rate risk and will decline in value as interest rates rise. Stocks will fluctuate in response to factors that may affect a single company, industry, sector, or the market as a whole and may perform worse than the market. A sustainable investment strategy which incorporates impact investing and/or ESG criteria may take into consideration factors beyond traditional financial information to select securities, which could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. Further, ESG strategies may rely on certain values-based criteria to eliminate exposures found in similar strategies or broad market benchmarks, which could also result in relative investment performance deviating.*

*Any of the securities identified and described herein are for illustrative purposes only. Their selection was based upon non-performance-based objective criteria, including, but not limited to, the security's social and/or environmental attributes. It should not be assumed that the recommendations made in the future will be profitable or will equal the performance of the securities identified. Impact figures mentioned are approximate values.*