



Communication on Progress
Supporting the United Nations Global Compact
Submitted August 2020



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.

We welcome feedback on its contents.

Statement of Continued Support

To our stakeholders:

I am pleased to confirm that SharePower Responsible Investing, Inc. reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,



Richard W. Torgerson
Registered Principal

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Our Company

SharePower Responsible Investing

As a coast to coast coalition of financial advisors that specialize in socially responsible investing, we've brought leadership to the SRI movement for 35 years. Our mission is to provide the highest level of integrated responsible investment programs to individuals, families, business and non-profits that care about integrating their values into their financial goals. We are dedicated to accomplishing our mission with excellence in professional standards of experience, integrity, ethics and service. Our belief is that responsible investing does not treat financial and values based goals as separate concepts, but rather recognizes and integrates their interconnected synergy into a client centered, sound investment program that we call simply responsible investing. Responsible investing integrates ESG (Environment, Social, Governance) metrics, financial fundamentals, individual values, societal values, corporate values and performance to produce an investment program that meets the needs of each client, contributes to a just society, and promotes a healthy planet. We believe accomplishing our mission matters to all of us.

Cambridge

Cambridge is a financial solutions firm focused on serving independent financial professionals and their investing clients while preserving its private control. Cambridge's national reach includes: Cambridge Investment Research Advisors, Inc. – a large corporate RIA; and Cambridge Investment Research, Inc. – an independent broker-



12-time *Investment Advisor* magazine Broker-Dealer of the Year

Experience Something Wonderful.
Experience the Cambridge Difference.

Investment Advisor magazine, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2010, 2008, 2007 Division IV; 2003 Division III

dealer, member FINRA/SIPC, that is among the largest privately controlled independent broker-dealers in the country. With over 800 home office employees serving over 3,400 financial advisors in all 50 states, Cambridge services over \$110 billion of assets under advisement. SharePower advisors choose Cambridge as our broker/dealer¹ because we evaluate our vendors, service providers and supply chain on social, environmental and governance concerns the same way we ask the companies we invest in to do. A remarkably clean and exemplary regulatory record shows us that Cambridge lives and breathes their stated corporate goals: Commitment, Integrity, Flexibility, and Kindness. No other financial firm we know of strives for kindness as a corporate mission, and Cambridge's record and conduct shows the talk is walked every day. Cambridge was voted by our peers as the best broker/dealer in the US for several years running.²

¹ SharePower Responsible Investing and Cambridge Investment Research are unaffiliated.

² Investment Advisor magazine, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2010, 2008, 2007, Division IV; 2003, Division III. A broker-dealer becomes eligible for this honor only after a minimum of 10% of its producing rep-advisors cast valid ballots. The ballots rate the broker-dealer in 15 different categories defined by Investment Advisor as relevant challenges and concerns. Broker-dealers receiving the highest marks in each of four are declared Broker-Dealer of the Year. Results are based on experiences and perceptions of participants surveyed in June of each of the years listed. Experience may vary. This recognition is not representative of investment performance or returns of rep/advisors. Visit advisorone.com.

Socially Responsible Investing

Simply put, "socially responsible investing" is the act of applying social and ethical considerations to investment decisions. As responsible investors, we take ownership of the consequences of our financial actions. We do this first by working to understand what those consequences may be, through research, analysis and reflection on the behaviors, actions, goals and strategies of the companies whose securities we consider. Second, we apply that insight against the social and ethical standards mandated by our clients. Finally, we employ three different strategies to apply those standards:

SCREENING (ESG INCORPORATION)

Screening (ESG Incorporation) seeks to understand companies' behavior and impact on environmental (E), social (S) and corporate governance (G) issues, including those companies with a positive impact and excluding companies with a negative impact in your investment portfolio. Screening helps to shape the portfolio in all asset classes:

EQUITIES (STOCKS)

When an investor buys an equity security (stock) in an enterprise, that investor becomes a part owner of that enterprise. As such the shareowner assumes a responsibility for the actions and their considerable effects that enterprise has on all stakeholders of that enterprise – customers, employees, suppliers, affected communities and the shareowners as well. The price paid for a stock is typically determined by the open market, and prices can go down as well as up. Some stocks offer regular payments, or dividends, to stock owners. The future payment of dividends is not guaranteed and may reduce, increase or be eliminated over time. As such the sustainability of the enterprise is foundational to the investment decision.

FIXED INCOME (BONDS, NOTES AND CDS)

When an investor buys a fixed income security, the investor becomes a lender of cash to the enterprise. The lender assumes a responsibility for how that cash is put to use. Repayment of principal and the payment of interest are dependent upon the financial strength and creditworthiness of the institution issuing the securities, so the long term stability and sustainability of the enterprise is critical. Responsible investors will seek enterprises that put funds to productive and positive use and avoid the opposite. We extend this principle to evaluating fixed income investments touted as 'green bonds' or 'social impact bonds' to understand whether raised funds are actually put to use towards new impactful projects ('additionality').

CASH EQUIVALENTS (FDIC INSURED OR MONEY MARKETS)

Cash equivalents are investments securities that have high credit quality and are highly liquid. The default cash equivalent option we use is the Insured Bank Deposit Program. This program provides FDIC protection by sweeping available cash in a brokerage account with up to 10 banks. We conduct social screening on banks in the program, excluding those that fail social screens on predatory lending, risky practices leading up to the 2008 financial collapse and the range of issues outlined by the United Nations Global Compact. (Consult the Cambridge Disclosure Document for more info, available on request.) We believe this may be the only explicitly screened FDIC insured cash option for brokerage accounts in the US.

SHAREOWNER ADVOCACY

Shareowner advocacy leverages our ownership in companies to influence positively the behavior of those companies either through (1) direct dialogues with companies, (2) filing of proxy resolutions to appear on companies' annual

shareholder meeting ballots, and most often, (3) through informed exercising of shareowners' voting rights in those annual shareowner meetings.

SharePower advisors have evaluated over 5,000 proxy statements on behalf of clients. At a client's request, we can evaluate the questions on a company's proxy ballot to help make an informed decision exercising the shareowner's right to a voice. Proxy questions on the annual shareowner's meeting ballot not only include questions pertaining to important social and environmental issues, but also critical corporate governance issues as well. Our research informs clients on executive compensation issues, independent audit issues as well as gender and race issues in board membership. SharePower advisors are licensed as Registered Representatives and cannot by rule solicit proxy votes on any issue. Instead we seek to empower clients to exercise their power of the share.

COMMUNITY INVESTING

Community investing is a subset of portfolio decision making that involves directing investment towards community, non-profit or charitable programs to help disadvantaged communities that lack access to traditional financial markets grow and thrive. To accomplish this we'll direct a percentage of the portfolio to securities issued by non-profit organizations, community development financial institutions or investment companies that invest in fixed income securities that qualify under the definitions of the US Community Reinvestment Act. All securities chosen in the primary markets will have been reviewed and approved through Cambridge Investment Research's due diligence.

Who Decides What Is "Socially Responsible"?

The term "socially responsible" begs the question: *If "socially responsible investing" is the act of applying social and ethical considerations to investment decisions, whose social and ethical considerations?* SharePower advisors have historically taken the position that the investor's own views should be paramount in deciding what is "socially responsible" in their portfolio. To accomplish this we employ a comprehensive social issues questionnaire to help investors define their instructions to us. At the same time, many clients look to us for guidance and ask us to help craft the most responsible and proactive portfolios possible. We start by understanding that 'social responsibility' means being accountable for the effect our investments have on the health and well-being of society and its members (including our clients).

Social Justice and Environmental Stewardship

A recent study funded by NASA by researchers at the Universities of Maryland and Minnesota³ surveyed the collapse of all known societies in history and created a predictive mathematical model showing how societies do collapse. Natural resources, wealth and inequality of wealth were the variables found to be relevant. Egalitarian societies tended to prosper. Unequal societies collapsed because of (1) misuse and/or depletion of natural resources and /or (2) violence between economic classes (rich versus poor). The conclusion from this breakthrough research is that to be **socially responsible**, social justice and environmental stewardship are equally important.

Still, no one company such as ours can dictate what social responsibility means for all. Fortunately, we have a blueprint forged by virtually all of the cultures of the world. That blueprint is contained in the United Nations Global Compact and the

³ Human and Nature Dynamics (HANDY): Modeling Inequality and Use of Resources in the Collapse or Sustainability of Societies Safa Motesharrei School of Public Policy and Department of Mathematics University of Maryland and National Socio-Environmental Synthesis Center (SESYNC); Jorge Rivas Department of Political Science University of Minnesota and Institute of Global Environment and Society (IGES); Eugenia Kalnay Department of Atmospheric and Oceanic Sciences University of Maryland March 19, 2014

Sustainable Development Goals. Both of these documents are declarations of universal goals common to mankind that offer perhaps the closest thing to a universal definition of social responsibility there is.

The United Nations Global Compact

In 1999, United Nations Secretary General Kofi Annan challenged the global private sector to adhere to 10 principles of human rights, labor rights, environmental protection and anti-corruption. Since then, over 9,500 companies in 170 countries, including SharePower, have pledged to support the Compact and guide their operations by the ten principles. The Principles are:



Human Rights

PRINCIPLE ONE: BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS; AND

PRINCIPLE TWO: MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES

Labor

PRINCIPLE THREE: BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING;

PRINCIPLE FOUR: THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOR;

PRINCIPLE FIVE: THE EFFECTIVE ABOLITION OF CHILD LABOR; AND

PRINCIPLE SIX: THE ELIMINATION OF DISCRIMINATION IN RESPECT TO EMPLOYMENT AND DISCRIMINATION.

Environment

PRINCIPLE SEVEN: BUSINESSES SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES;

PRINCIPLE EIGHT: UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY; AND

PRINCIPLE NINE: ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES.

Anti-Corruption

PRINCIPLE TEN: BUSINESSES SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS INCLUDING EXTORTION AND BRIBERY.

The Sustainable Development Goals



Seventeen sustainable development goals (SDGs) were adopted by all 193 member states of the United Nations in September 2015, and endorsed as a natural expression of the Global Compact by the UNGC. A blueprint for social progress, the SDGs cover issues including poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, urbanization, environment and social justice. The SDGs are:

GOAL 1. END POVERTY IN ALL ITS FORMS EVERYWHERE

GOAL 2. END HUNGER, ACHIEVE FOOD SECURITY AND IMPROVED NUTRITION AND PROMOTE SUSTAINABLE AGRICULTURE

GOAL 3. ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

GOAL 4. ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL

GOAL 5. ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS

GOAL 6. ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL

GOAL 7. ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL

GOAL 8. PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

GOAL 9. BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION

GOAL 10. REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES

GOAL 11. MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE

GOAL 12. ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

GOAL 13. TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS

GOAL 14. CONSERVE AND SUSTAINABLY USE THE OCEANS, SEAS AND MARINE RESOURCES FOR SUSTAINABLE DEVELOPMENT

GOAL 15. PROTECT, RESTORE AND PROMOTE SUSTAINABLE USE OF TERRESTRIAL ECOSYSTEMS, SUSTAINABLY MANAGE FORESTS, COMBAT DESERTIFICATION, AND HALT AND REVERSE LAND DEGRADATION AND HALT BIODIVERSITY LOSS

GOAL 16. PROMOTE PEACEFUL AND INCLUSIVE SOCIETIES FOR SUSTAINABLE DEVELOPMENT, PROVIDE ACCESS TO JUSTICE FOR ALL AND BUILD EFFECTIVE, ACCOUNTABLE AND INCLUSIVE INSTITUTIONS AT ALL LEVELS

GOAL 17. STRENGTHEN THE MEANS OF IMPLEMENTATION AND REVITALIZE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

Investors and investment advisors can play a crucial role in supporting the SDGs based upon how they invest and how they engage with their investments.

Can Investors have Real World Impact?

Many in the financial sector differentiate “socially responsible investing” from impact investing, saying the former merely excludes companies from investment while the latter actually directs investment towards enterprises that have a societal or environmental impact. This is a misleading argument, as **all** investment decisions have real world impact. Another common argument is that buying publicly traded securities doesn’t have any impact on the company itself, because it is the securities’ seller that receives your payment, not the company.

This ignores the nature of modern markets and corporate finance. The Law of Supply of Demand in economics says that the price of a good goes up when demand rises or supply falls. The price falls when demand falls or supply rises. When an investor decides to buy a stock, demand for that stock rises. Similarly, when an investor decides to sell, supply of that stock available to buy rises, reducing price. This is not just theory. Today’s professional traders have instant access to any number of “Market Impact Models”, algorithms to predict the effect a particular trade might have on stock price. . What’s more, institutional money managers try very hard to enter and exit stock positions with the least price impact possible, using off floor block trades or off exchange trades in dark pools etc. This means the much smaller market orders placed by individual investors have, dollar for dollar, a much greater impact on stock price than larger institutional orders.

Even a small change in stock price has magnified impact on a publicly traded company's finances. In one typical example, a one penny increase in one major oil company's stock price increased the company's executive compensation plan by \$2.1 million, the CEO's net worth by \$60,000, the market capitalization of the company by \$18.1 million and the value of the stock the company could issue to fund acquisitions, exploration projects or any number of financial uses by almost \$50 million⁴. Just from that one penny increase. Individual investors truly have the power to change the world!

Responsible Investing

Social justice and environmental stewardship are two of the three objects of focus for SRI. The third comprises the needs and objectives of the investor. Just as employees, customers, suppliers, society and the earth itself are important stakeholders affected by corporate behavior, so too are the shareowners and bondholders of the enterprise.

Many faith traditions speak of these three worlds – the individual, society and the environment. For example, some branches of Buddhism speak of *Ichinen Sanzen*, a concept encompassing all of the various perspectives of reality from the standpoint of the individual self, the society of humankind and the natural environment or planet itself. In this formulation, wisdom is not complete if any perspective is left out.



That makes a good model for how we look at investments. If an investment in a security or enterprise is beneficial to society, healthy for the planet, and contributes to the financial needs and objectives of the investor, then it can be considered a responsible investment. However, a financially promising investment beneficial to society but harmful to the environment falls short. So does an inappropriately risky investment despite promising social or environmental benefits. In our view, compromise in any of the three areas cannot be considered responsible. At SharePower, we feel that combining socially responsible investing with a laser focus on the investor's own financial needs and objectives is the *responsible* thing to do. That's why we call what we do simply Responsible Investing.

⁴ SharePower Responsible Investing. (2015). Fossil Fuel Divestment: Why Divest From Fossil Fuels? [Brochure]. Westminster, MD: Author. Available upon request.

Actions in Support of the Principles

Human Rights



PRINCIPLE ONE: BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS; AND

PRINCIPLE TWO: MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES

Policies, Operations and Implementation

SharePower Responsible Investing has policies in place that address sexual harassment in the workplace, as well as responsible sourcing of materials.

SharePower also conducts social screening research and analysis to evaluate the record of companies in the area of human rights. Investments in companies found to have problematic behaviors in human rights issues are divested or avoided, while investments in companies with exemplary human rights records are emphasized. The following human rights issues are evaluated:

- Complicity in Violence
- Dangerous or Exploitative Community Impact
- Firearms Manufacture and/or Distribution
- Freedom of Expression & Censorship
- Weapons & Military Contracting

To obtain a fully rounded picture of companies' behavior on human rights issues, SharePower employs social research from professional research vendors as well as primary research sources such as government databases and company filings with the SEC. Most importantly and wherever possible, we incorporate street level reports from activist, community, and labor organizations.

SharePower participated in the following initiatives to address human rights issues in this reporting period:

- We co-signed a letter spearheaded by the Interfaith Center on Corporate Responsibility to the Department of Homeland Security's **U.S. Citizenship and Immigration Services (USCIS)** protesting the use of a proposed form to collect information from the general public regarding purported immigration fraud. The publication of this form signals another dangerous shift in USCIS's transformation from an agency serving immigrants and adjudicating their applications into an enforcement agency carrying out the **Trump administration's anti-immigrant policies**.
- After eight major banks announced they would no longer finance private prison corporations due to documented human rights abuses, including medical neglect, sexual and physical assault against detainees, understaffing, and overcrowding, we joined the Interfaith Center for Corporate Responsibility (ICCR) in a letter campaign **challenging the other five regional banks known to be financing private prisons** to engage in dialogue towards ending that financing.

- We've endorsed a statement by the Investors' Alliance for Human Rights, to advance **mandatory human rights due diligence requirements** for companies. The statement calls on all governments to develop, implement, and enforce mandatory human rights due diligence (mHRDD) requirements for all companies operating within their own jurisdictions. Publicly available due diligence reporting as set out in the **UN Guiding Principles on Business and Human Rights** and the **OECD Due Diligence Guidelines for Multinational Enterprises** can help investors monitor and account for investment risks caused by human rights violations by multinational companies.
- SharePower joined 33 other organizations and the International Campaign for the Rohingya in an open letter to **Western Union CEO Hikmet Ersek** calling on the company to **end its business relationship with Burma's military**. The Burmese military has been accused by United Nations investigators of being responsible for genocide, war crimes, and crimes against humanity. In January, Western Union did in fact sever its relationship with Myawaddy Bank, a Burmese military owned bank, announcing the decision in an email to campaign organizers.
- SharePower joined an initiative of the Investor Alliance for Human Rights to **pressure 95 global corporations that scored lowest on the Corporate Human Rights Benchmark (CHRB) to improve their scores** with meaningful action. The CHRB is part of the World Benchmarking Alliance and ranks the largest publicly traded companies in the world on a set of human rights indicators with the goal of improving corporate human rights performance.

SharePower participated in the following initiatives to address human rights issues previous to this reporting period:

- We joined investors representing \$3.75 trillion in assets submitting SEC comments urging continued support for Section 1502 of the **Dodd-Frank Wall Street Reform Act** and the **SEC's Conflict Minerals Rule**. This rule addresses material risks in companies' supply chain in sourcing minerals obtained in conflict areas of Africa, notably the Democratic Republic of the Congo. By shining a light on how mining activities provide revenue for militia groups, this rule has already served to reduce that revenue.
- We joined OpenMIC in submitting comments to the Federal Communications Commission urging the **continuation of net neutrality protections** threatened by FCC proposed rules.
- We joined other institutional investors in a letter urging **Chevron Corporation** to pressure the government of Burma/Myanmar to **stop the violence against the Rohingya** or else cease operations in that country.
- Following the **Stoneman-Douglas High School** shootings, we joined the Interfaith Center for Corporate Responsibility's **Investor Statement on Gun Violence**, a comprehensive statement calling on gun makers and distributors to halt manufacture and sale of assault-style weapons, and calling on financial institutions to stop financing them.
- Joining with Domini Investments and Green Century Capital Management and 100 other institutional investors, we sent a challenge to the **Roundtable on Sustainable Palm Oil (RSPO)**, concerning its inadequate response to **serious labor rights violations** within the operations of RSPO member companies, such as forced and bonded labor, child labor, and systemic gender discrimination.
- We're a signatory to a letter sent to all members of Congress by the **Interfaith Center for Corporate Responsibility** urging them to **support the Dream Act of 2017** to establish comprehensive and just immigration reform.
- We also joined ICCR in a letter to Congressional leaders urging the **renewal of Temporary Protected Status (TPS)** for El Salvador, Haiti, Nicaragua, Syria, Nepal, Honduras and other countries for at least 18 months.

Goals and Measurement of Outcomes

For the coming year, we seek to achieve the following measurable goals:

1. Communicate the importance of human rights issues in the investments we seek in the performance of our financial services to all of our clients. Beyond active collaboration, we will accomplish this by delivering and implementing our social issues questionnaire to current and prospective clients. We will measure the number and percentage of clients and prospective clients that review our social issues questionnaire. (For 2017, 81% of new clients guided their investments via our social issues questionnaire.)
2. Appoint a working group of advisors and staff to review the UN Guiding Principles on Business and Human Rights in regards to our internal operations, delivery of service to clients, and our purchasing of materials and supplies for our business operations. This working group will report progress to the full group on the implementation of each point in the Principles.

Labor



PRINCIPLE THREE: BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING;

PRINCIPLE FOUR: THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOR;

PRINCIPLE FIVE: THE EFFECTIVE ABOLITION OF CHILD LABOR; AND

PRINCIPLE SIX: THE ELIMINATION OF DISCRIMINATION IN RESPECT TO EMPLOYMENT AND DISCRIMINATION.

Policies, Operations and Implementation

SharePower Responsible Investing has policies in place that address discrimination in the workplace due to race, religion, ethnicity, age, sexual orientation or identity.

Our purchasing policies include a prohibition against sourcing materials from companies with known labor rights issues, and to seek union made products wherever possible.

SharePower advisors and employees are 1099 independent contractors and therefore prohibited by U.S. law from joining a union.

SharePower also conducts social screening research and analysis to evaluate the record of companies in the area of labor rights. Investments in companies found to have problematic behaviors in labor rights issues are divested or avoided, while investments in companies with exemplary labor rights records are emphasized. The following labor rights issues are evaluated:

- Discriminatory Treatment by Age, Elderly Issues
- Discriminatory Treatment of Gay, Lesbian, Bisexual or Transgendered
- Discriminatory Treatment of Racial, Ethnic or Religious Minorities
- Discriminatory Treatment of the Disabled
- Discriminatory Treatment of Women
- Exploitative Labor Practices
- Hostility to Collective Bargaining and Workers' Rights
- Involvement in Child and/or Forced Labor

- Lack of Family Friendly Employment Policies
- Workplace Safety

To obtain a fully rounded picture of companies' behavior on labor rights issues, SharePower employs social research from professional research vendors as well as primary research sources such as government databases and company filings with the SEC. Most importantly and wherever possible, we incorporate street level reports from activist, community, and labor organizations.

SharePower participated in the following initiatives to address labor and workers' rights issues in this reporting period:

- In the wake of continuing police brutality against Black people and widespread protests in support of the Black Lives Matter Movement, a group of investors including SharePower from the Racial Justice Investing (RJI) Coalition developed and circulated the **Investor Statement of Solidarity and Call to Action to Address Systemic Racism**. The RJI Coalition comprises a group of investors who have used their collective leverage as fiduciaries and shareholders to advance racial justice issues since December of 2017. The statement is our commitment to combat systemic racism in our own financial services industry, including integrating racial justice into investment decision making and shareowner advocacy, embed a racial equity and justice lens in the conduct of our own company, commit to reinvesting in disadvantaged communities, and use our collective voice to advance anti-racist public policy. The full statement can be accessed here: <https://www.racialjusticeinvesting.org/our-statement>.
- We've joined Business for a Fair Minimum Wage's initiative to **support raising the federal minimum wage** gradually to \$15 by 2024. Raising the minimum wage puts money in the pockets of people who most need to spend it—increasing sales, boosting the economy (and markets), and reducing strain on our public safety net.
- We've added our voice to the As You Sow Foundation's campaign to **increase corporate disclosures related to gender equity**. Currently, investors have a paucity of gender and workplace equity data. Data is lacking across 19 gender equality criteria, including the gender balance of the workforce and executive team, equal pay, parental leave, non-discriminatory hiring and promotion, and supply chain safety.
- We joined Rhia Ventures in an engagement campaign challenging 41 US companies to discuss and improve their policies **protecting reproductive rights** in the areas of insurance coverage, benefits, public policy and political spending.
- SharePower Responsible Investing became a signatory to the **Women's Empowerment Principles**. The Women's Empowerment Principles (WEPs) are a set of Principles offering guidance to business on how to promote gender equality and women's empowerment in the workplace, marketplace and community. We supported an associated initiative by French asset management firm Mirova in conjunction with UN Women and the UN Global Compact to pressure corporations to act on the WEP with strong action and measurable results.
- This year, we added our collective voice to the **Investor Statement on Coronavirus Response**, a nationwide challenge supported by institutions including ours collectively managing close to \$5 trillion in investor assets. The Statement calls on companies to support workers and communities during this crisis. The recommendations laid out include: **providing paid leave, putting additional health and safety measures in place, maintaining employment, maintaining supplier and customer relationships**, and exercising fiscal prudence, which means limiting stock buybacks and executive compensation.
- We joined 118 institutions managing over \$2.3 trillion of investor assets to call for **responsible protections for meat packing plant workers** pressured back to work by the Trump Administration and meat packer employers. The statement calls for companies to enforce adequate social distancing, reduce production line speeds to allow for social distancing, increase wages and sick leave benefits to workers, provide adequate personal protective

equipment, sanitizing each plant, ensure that testing is available to all workers, and be transparent in reporting cases to local authorities.

SharePower participated in the following initiatives to address labor and workers' rights issues previous to this reporting period:

- We submitted comments to the Securities & Exchange Commission in support of **retaining the requirement for companies to report on the ratio of CEO pay** to the median pay of employees. We also co-signed a letter from the AFL-CIO on the same subject. Shining a light on excessive executive compensation is a key tool to slow and reverse the growing power and wealth of elites.
- Joining an investor coalition with \$169 billion in assets, letters were sent to dozens of S&P500 companies challenging them to **endorse and implement effective paid family leave policies** throughout their workforces.

Goals and Measurement of Outcomes

For the coming year, we seek to achieve the following measurable goals:

3. Communicate the importance of labor rights issues in the investments we seek in the performance of our financial services to all of our clients. Beyond active collaboration, we will accomplish this by delivering and implementing our social issues questionnaire to current and prospective clients. We will measure the number and percentage of clients and prospective clients that review our social issues questionnaire.
4. Appoint a working group of advisors and staff to review the Labor principles of the United Nations Global Compact in regards to our internal operations, delivery of service to clients, and our purchasing of materials and supplies for our business operations. This working group will report progress to the full group on the implementation of each point in the Principles.

Environment



PRINCIPLE SEVEN: BUSINESSES SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES;

PRINCIPLE EIGHT: UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY; AND

PRINCIPLE NINE: ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES.

Policies, Operations and Implementation

SharePower's environmental footprint is negligible. Employees and advisors of SharePower are encouraged to minimize their carbon footprint substantially:

- 100% of all SharePower advisors are empowered to telecommute from home at their sole discretion.
- As of this date, no employee of SharePower commutes to a separate job site as a result of their SharePower employment.
- All SharePower management meetings are conducted via teleconference.
- 100% of SharePower paper marketing materials are produced using recycled paper and soy based inks.

- Over 90% of all furnishings, carpeting etc. in SharePower's Westminster Maryland headquarters are made from recycled and/or repurposed materials. Low VOC paints and fluorescent or LED lighting are employed throughout.

SharePower also conducts social screening research and analysis to evaluate the record of companies in the area of environmental responsibility. Investments in companies found to have problematic behaviors in environmental issues are divested or avoided, while investments in companies with exemplary environmental impacts and records are emphasized. The following environmental issues are evaluated:

- Destructive Biodiversity & Land Use Practices
- Fossil Fuel Companies Targeted by Fossil Fuel Divestment Campaign
- Fossil Fuel Companies Owning and Extracting Reserves - All
- Major Greenhouse Gas (GHG) Emissions or Impact
- Major Toxic Emission & Waste Management Impact
- Major Water Use & Management Impacts
- Nuclear Power
- Use of Genetically Modified Organisms (GMO) products

To obtain a fully rounded picture of companies' behavior on environmental issues, SharePower employs social research from professional research vendors as well as primary research sources such as government databases and company filings with the SEC. Most importantly and wherever possible, we incorporate street level reports from activist, community, and labor organizations.

SharePower participated in the following initiatives to address environmental issues in this reporting period:

- SharePower has endorsed the **United Nation's CEO Water Mandate**.
- We joined an investor coalition spearheaded by CERES in a campaign challenging 47 of the largest US corporations to ensure their **corporate lobbying activities** and those of organizations that represent them are **consistent with their stated support for the Paris Climate Agreement**. This campaign challenges the practice of declaring support for the Paris Climate Agreement while also supporting lobbying efforts against the accord and climate change action in general by the US Chamber of Commerce, the National Association of Manufacturers and other national lobbying groups.
- In July, the US Environmental Protection Agency issued new proposed rules **rolling back regulating methane emissions** by the oil and gas industry. We are participating in a letter campaign to thirty five oil and gas companies to urge them to publicly support continued methane regulation before the US EPA. Since then, six major oil production and midstream companies have endorsed continued methane regulation and several others have responded, stating their commitment to abide by the existing 2016 regulations even in the face of a rollback.
- SharePower Responsible Investing **joined FAIRR, an international investor collaborative focused on animal protein supply chain issues**. FAIRR believes that intensive animal production poses material risks to the global financial system and hinders sustainable development. FAIRR helps investors to exercise their influence as responsible stewards of capital to engage and safeguard the long-term value of their investment portfolios.



- SharePower joined over 631 investor groups to present the governments in attendance at the 25th UN Climate Change Conference of the Parties (COP25) in Madrid the **Global Investor Statement to Governments on Climate Change**. The statement reiterated full support for the Paris Agreement and strongly urged all governments to implement the actions needed to achieve the goals of the Agreement.
- This January we joined an effort in support of California Assembly Member Ash Kalra's introduction of the **California Deforestation-Free Procurement Act**. The Act's mandate for No Deforestation, No Peat, and No Exploitation ("NDPE") policies, certification and public disclosure from state contractors helps to provide investors with necessary information on material financial and climate-related risks on companies potentially linked to global deforestation.

SharePower participated in the following initiatives to address environmental issues previous to this reporting period:

- We're a signatory to the Low Carbon USA letter to President Trump urging the incoming administration to **support the Paris Climate Agreement** and programs to invest in the a low-carbon economy.
- We joined institutional investors representing \$180 billion in assets to urge Congress to **oppose using the Congressional Review Act (CRA) to repeal common sense environmental regulations**, including the Bureau of Land Management's (BLM) methane waste prevention rules. Congress is using the CRA to gut decades of environmental, consumer protection and worker safety regulations in bold partisan fashion.
- We endorsed a campaign by Green Century Funds mobilizing investors representing more than \$617 billion calling on food and agricultural companies **reaffirm and extend zero deforestation commitments** in Latin America.
- We're a signatory to separate letters from 390 institutions representing \$22 trillion in assets to the heads of the G7 and the G20 nations urging **support and full implementation of the Paris Climate Agreement**.
- When the Trump Administration signaled its intention to pull out of the **Paris Climate Agreement**, we joined the Low Carbon USA campaign of businesses, organizations, state and local governments to proclaim to the world that **"We Are Still In!"**
- We added our voice to a campaign by the **As You Sow Foundation** to challenge major carpet manufacturers to work with the entire industry to redesign carpet to make most of it recyclable, to **develop aggressive and enforceable national recycling goals**, and to help develop end markets for discarded carpet.
- We joined other USSIF members in a letter to Interior Secretary Ryan Zinke opposing that departments proposed new rules greatly expanding **offshore oil drilling in US coastal waters**.

Goals and Measurement of Outcomes

For the coming year, we seek to achieve the following measurable goals:

5. Communicate the importance of environmental issues in the investments we seek in the performance of our financial services to all of our clients. Beyond active collaboration, we will accomplish this by delivering and implementing our social issues questionnaire to current and prospective clients. We will measure the number and percentage of clients and prospective clients that review our social issues questionnaire. (For 2017, 81% of new clients guided their investments via our social issues questionnaire.)
6. Appoint a working group of advisors and staff to review and report on the six components of the United Nation's CEO Water Mandate. Our next UNGC COP will include a communication on progress in implementing the six Water Mandate areas.

Anti-Corruption



PRINCIPLE TEN: BUSINESSES SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS INCLUDING EXTORTION AND BRIBERY.

Policies, Operations and Implementation

SharePower has endorsed the UN Global Compact's Call to Action: Anti-Corruption and the Global Development Agenda.

SharePower Responsible Investing supports and adheres to Cambridge Investment Research Advisors' Code of Ethics.

All SharePower advisors and support staff take annual continuing education courses on anti-money laundering efforts within our business and industry.

Neither SharePower nor our advisors have any reportable employment related, investment customer related or investment related regulatory actions or complaints filed with any relevant regulatory body.

Cambridge Investment Research was chosen by SharePower advisors to be our broker/dealer in large part because Cambridge has an exemplary and remarkably clean regulatory record.

SharePower also conducts social screening research and analysis to evaluate the record of companies in the area of anti-corruption, which in this case encompass issues of corporate governance as well as bribery, extortion and money laundering. Investments in companies found to have problematic behaviors in corporate governance issues are divested or avoided, while investments in companies with exemplary corporate governance records are emphasized. The following corporate governance issues are evaluated:

- Anticompetitive Practices
- Board Structure, Transparency, & Conflicts of Interest
- Business Ethics: Bribery & Fraud
- Destructive Political Involvement
- Egregious Product Safety Issues
- Excessive Executive Compensation
- Exploitative and/or False Advertising & Marketing
- Predatory Practices Against Consumers and/or Communities
- Repressive Regimes Involvement and Support

To obtain a fully rounded picture of companies' behavior on anti-corruption issues, SharePower employs social research from professional research vendors as well as primary research sources such as government databases and company filings with the SEC. Most importantly and wherever possible, we incorporate street level reports from activist, community, and labor organizations.

SharePower participated in the following initiatives to address anti-corruption issues in this reporting period:

- We joined USSIF and institutional investors managing \$525 billion assets to **oppose the US Securities and Exchange Commission's proposed rule changes** making it more difficult to file and re-submit shareholder proposals to companies in environmental, social or governance issues.
- This year, we added our collective voice to the **Investor Statement on Coronavirus Response**, a nationwide challenge supported by institutions including ours collectively managing close to \$5 trillion in investor assets. The

Statement calls on companies to support workers and communities during this crisis. The recommendations laid out include: providing paid leave, putting additional health and safety measures in place, maintaining employment, maintaining supplier and customer relationships, and exercising fiscal prudence, which means **limiting stock buybacks and executive compensation**.

SharePower participated in the following initiatives to address anti-corruption issues previous to this reporting period:

- We joined with USSIF and other financial firms to urge US Labor Secretary Tom Perez to **rescind new Department of Labor regulatory language** (DOL Interpretive Bulletin Relating to Exercise of Shareholder Rights (29 CFR 2509.08-2) ("Shareholder Rights Bulletin" or IB 08-02)) that would **severely curtail shareowner rights** and fiduciaries' ability to act on their judgment to mitigate long-term risk through shareholder engagement with companies they own. These rules would remove an important force in checking socially irresponsible corporate behavior of publicly owned and traded corporations.
- We joined with Americans for Financial Reform and 32 other NGO's and financial firms to urge Federal regulators to **strengthen the proposed implementation of Wall Street incentive compensation rules** under Dodd-Frank Sec. 956. Strengthening the rules would serve to reduce the incentives for inappropriate short-term risk-taking that could create disastrous long term consequences for society.
- We signed a letter with the American Sustainable Business Council and the Interfaith Center for Corporate Responsibility urging President Trump and Congress to **support the Consumer Financial Protection Bureau** and its Director Richard Cordray. A strong CFPB is crucial to ensure a fair and transparent financial marketplace.
- We submitted comments to the Securities & Exchange Commission in support of retaining the requirement for companies to **report on the ratio of CEO pay to the median pay of employees**. We also co-signed a letter from the AFL-CIO on the same subject. **Shining a light on excessive executive compensation** is a key tool to slow and reverse the growing power and wealth of elites.

Goals and Measurement of Outcomes

For the coming year, we seek to achieve the following measurable goals:

7. Communicate the importance of corporate governance issues in the investments we seek in the performance of our financial services to all of our clients. Beyond active collaboration, we will accomplish this by delivering and implementing our social issues questionnaire to current and prospective clients. We will measure the number and percentage of clients and prospective clients that review our social issues questionnaire. (For 2017, 81% of new clients guided their investments via our social issues questionnaire.)
 8. Continue working with USSIF, the Financial Services Institute and other industry organizations to promote more responsible political and regulatory behaviors by financial institutions in the US.
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Company Wide Goals and Measurement of Outcomes

In addition to the eight issue specific goals outlined above, SharePower Responsible Investing commits to the following goals for the coming year:

Access to Financial Services and Management

The United States investor class is shrinking. With a national Gini wealth coefficient of 0.80 and rising, the US has the most unequal distribution of wealth of any developed country in the world⁵. Yet many financial services firms are refusing full service advisory or brokerage services to any with less than 7 figure portfolios. Yet the “bottom 99%” of Americans needs professional financial guidance now more than ever. SharePower believes that the increasing concentration of wealth and income is the financial industry’s critical social issue. To address this issue we will:

- Seek ways to reduce the minimum investment of our products and services to the lowest amount feasible to make them accessible to more investors.
 - SharePower undertook major initiatives to reduce the minimum investment of our services. Cambridge’s WealthPort Wrap Program allows portfolio management for taxable accounts of \$25,000 or more, and \$5,000 on IRA or other retirement accounts.
- Encourage our SharePower advisors to reduce or eliminate investment minimums in their own practices.
 - Many SharePower advisors utilize Orion Portfolio Solutions, an investment management platform that has very low investment minimums to start investing.
 - We’ve pioneered the CapitalStart pilot program to encourage first time investors to save and ultimately invest for their first investment programs.
- Encourage our SharePower advisors to provide pro bono social investment education seminars in public venues in our respective service areas.
 - SharePower advisors conducted 23 pro bono educational seminars since 2017, including one recorded by the Real News Network and broadcast on YouTube.
- Make available to SharePower advisors mechanisms to access commission-based, asset fee-based, planning fee-based and/or hourly fee-based strategies to insure that our products and services are available in the most cost effective way to all people in all situations.
 - All SharePower advisors have access to all of the above payment mechanisms.
 - Cambridge’s WealthPort program eliminates custodial fees, ticket charges and IRA annual fees for all accounts within the program.
- To seek out, evaluate and/or develop financial products and services appropriate not only for high net worth investors but to middle class investors as well.
 - Through our FDIC Cash screening program, as well as our availability of high impact community investment notes with minimums of \$1,000, SharePower makes available low cost socially responsible investments appropriate for most middle income families.

Continue Refining Our Operations in Congruence with the UN Global Compact

We will employ the framework of the six steps in the UN Global Compact Management Model: Commit, Assess, Define, Implement, Measure, and Communicate. Our progress will be reported in next years’ Communication On Progress Report.

⁵ Brandmeir, Kathrin, Michaela Grimm, Michael Heise, and Arne Holzhausen. Allianz Global Wealth Report 2015. Munich: Allianz SE Economic Research, 2015. Allianz SE Economic Research, Aug. 2015. Web. 21 Aug. 2016.

Communicating Socially Responsible Investing to a Wider Audience

SharePower will bring socially responsible investing, and the UN Global Compact's and the Sustainable Development Goals to a wider audience by:

- Working with Cambridge Investment Research to promote SRI to the wider group of over 3,400 Cambridge advisors. In 2019, SharePower leadership co-founded Cambridge's ESG Advisor Council to assist and educate Cambridge reps on the issues and methodology of SRI.
 - Training and recruiting additional advisors to SharePower.
 - Creating and giving educational seminars covering SRI, the Fossil Fuel Free Movement, the UN Global Compact and the Sustainable Development Goals.
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