# Shareholder Activism

## Sustainvest Update

Rejected by Apple and SEC! Months ago, we submitted a proposal to Apple Inc. and have been speaking with their lead attorney. Our proposal was asking them to have some public disclosure on how they handle climate control at their 400 retail locations throughout the world. More specifically, it was asking about their policy when it comes to keeping their doors closed while air-conditioning is in use—a topic that Sustainvester Dale Wannen found a "pet peeve" due to wasted energy just to entice new customers. Well, the SEC sided with Apple on this argument stating this was already "substantially implemented". Apple does in fact have an internal document for employees, but I was asking for a public document that all shareholders could see. We tried. Perhaps next time one walks passed that cold air coming out of a retail store, please keep shareholder advocacy in mind and think about filing your very own proposal.

On top of this rejected proposal, we have submitted proposals to **Dunkin Brands** (asking them to report on environmental effect of K-Cup pods) and insurance company **Anthem Blue Cross** (asking them to issue a sustainability report) this quarter as well. Considering 81% of S&P500 companies issue a sustainability report, Anthem is clearly a laggard and we felt the need to address the situation. Stay tuned!

## Exxon Caving?

All it took was 62% of Exxon's shareholders for them to listen. Under pressure from investors, prosecutors and global regulators, ExxonMobil Corp. agreed in December to strengthen its disclosure of the risks its core oil business faces from climate change and from government efforts to rein in carbon dioxide emissions from fossil fuels. Specifically, Exxon dropped its opposition to a shareholder proposal filed Nov. 28 by New York's state pension fund. The proposal asked Exxon to analyze how the Paris goal of keeping global temperature rise below 2 degrees Celsius compared to pre-industrial levels will affect its business and to assess the financial risks associated with that 2-degree scenario. In a one-paragraph filing to the Securities and Exchange Commission, the oil giant said it would stop resisting motions filed by dissident shareholders seeking this kind of risk disclosure. Now, because New York has withdrawn their shareholder proposal, we can only wait and see how Exxon responds with action.

***81% of S&P 500 companies now issue a sustainability report. This compares to just 20% in 2011.***


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bull market still has room to run but it could shape up to be a bumpier ride as street expectations become elevated. Even with more widgets being sold and apps being downloaded, the looming fact that the Fed may continue to increase interest rates (tightening policy) and inflation to pick up (loaf of bread more expensive) one would think to perhaps put the brakes on slightly at this point.

Our thesis heading into 2018 will be to continue to search for value (where it can be found) and at the same time maintain client allocations that fit their personal profile. We may see some shifting away from US equities and into more global markets as valuations seem a bit more reasonable overseas. Cash and Gold also may mitigate a bumpier road and give us liquidity to hop on opportunities if they are presented. In the grand scheme of things, we have not had to relinquish our personal values to be part of this growth economy. In fact, any reasonable being may suggest that being more invested in segments like renewable energies, regional banks (as opposed to the large corrupt ones) and greener bonds could help mitigate bumpier markets ahead.

## Greeny of the Quarter

What better way to start off the year then to think about the children. When it comes to socking some money away for the little ones, it's easy to become lost in where to start especially for sustainable investors. Enter sustainable 529 plans.

Here in California, we have Scholar Share College Savings Plan. When looking for the sustainable option to invest in through this plan, one would choose the "individual investment option" of Social Choice Investment Portfolio. TIAA, formerly known as TIAA-CREF, holds the TIAA Social Choice Equity Fund, which seeks to replicate the returns of the Russell 3000 Index (a combination of the Russell 1000 and 2000 Indexes), screening for environmental, social, and governance (ESG) criteria. This portfolio can be found in California's Scholar Share College Savings Plan and Oregon College Savings Plan. Other states offering a sustainable choice of 529 plans are Pennsylvania and Virginia.


No, you don't have to use your own state's 529 plan. And it's important to realize that your choice of 529 plan has no impact on where your child attends college, either in-state or out-of-state. Of course, your state does not want you to go elsewhere with your college savings. That's why so many of the states sweeten the deal by giving something extra to residents. It could be a state income tax deduction for your contributions, or matching contributions for residents below certain income thresholds, or a waiver of certain fees. But you might still decide to use an out-of-state 529 plan either because you decide there is little or no special benefit for staying in-state or because you find an out-of-state 529 plan with better investment options or lower fees and expenses.

Be sure to try the 529 plan comparison tool on **savingforcollege.com** to see what your state has to offer with its 529 plan and how it compares to other states' 529 plans.

Charles Schwab (our custodian) does offer 529 plans to invest in, however, currently there are no options for sustainable funds.

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If you are interested in learning more about our services, please contact us at **info@sustainvest.com** or call us at **707-766-9480**

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