

*A more sustainable future will come from reforming what's not working,
sustaining what is, and creating what's needed.*

OUT WITH THE OLD

At Amazon's annual meeting this May, the world's richest man made an appearance, albeit for just 20 minutes of highly curated Q&A. Having amassed \$157 billion in net worth, Jeff Bezos is the posterchild for an economy that is not working for all.

Eight days later, Facebook's Mark Zuckerberg faced his investors. Mired in scandal, he called for governments to regulate the mess he has failed to clean up as Facebook's Chairman, CEO, and most powerful shareholder.

It's no wonder Washington is calling to break up Big Tech. But policy makers are not alone in speaking truth to power. Activist investors, including our clients, are challenging corporate power structures built on a lack of accountability.

At Google's annual meeting in June, we partnered with women's rights group Time's Up to present our clients' gender and racial pay equity proposal. Speaking on our behalf, Sky Kelley, one of the first African American women to successfully raise venture capital funding in Silicon Valley, publicly called into question Google's record of "extreme" and "systemic" pay gaps, while asking them to adhere to their motto—"do the right thing"—and close them.

In the case of Facebook, our firm is a long-standing critic of the company's impact on democracy and human rights. But more crucially, Facebook's fate lies in the hands of one man—one decision maker. After presenting our shareholder proposals at the annual meeting, I asked Zuckerberg point blank if he would be willing to cede some of his outsized power, noting that it has become a burden on the company. I asked if he would step down as Chairman of the Board. Zuckerberg tried to evade the question by filibuster, so I asked it again. I did because harnessing our investors' voices to challenge the status quo is a critical step toward reforming systems that no longer serve investors or society.

IN WITH THE NEW

In stark contrast to these Silicon Valley meetings, we hosted our own annual meeting this spring. It was for our private market investment arm, New Summit Investments. New Summit's sole focus is to invest in private equity and debt funds that are commercializing profitable solutions to our greatest sustainability challenges.

Hosted at the Garrison Institute in the Hudson Valley, the management of 10 solution-oriented private equity funds presented their strategies to capitalize green and affordable housing, sustainable timber, renewable energy infrastructure, financial inclusion, urban innovation, and clean technology. Jonathan Rose, manager of the Rose Affordable Housing Preservation Fund IV, is generating substantial social, environmental, and financial benefits of providing safe, green, affordable, and stable housing. Monica Brand Engel of Accion's Frontier Inclusion Fund, is improving access to financial technology or "fintech" to 3 billion underserved people around the world with limited or no access to quality savings, credit, insurance, and payment services. And New Energy Capital is building clean renewable energy infrastructure to power our grid. Together these firms are building the new economy.

CREATE, SUSTAIN, REFORM

Our firm, Arjuna Capital, is named after a hero from the ancient Indian epic poem, the *Mahabharata*. We chose Arjuna as he represents a figure trying to find and follow a path of right action in a morally complex world. We see Arjuna's investment advisory work as an effort to align our clients' investing lives with the values and goals they pursue in their social, political and spiritual lives.

As investors, we, like Arjuna, are faced with a morally complex and changing world. We often reflect on how these complex social and economic systems shift over time—breaking down, sustaining, and renewing themselves—while presenting new opportunities for

investment. Hindu philosophy offers a helpful framework for thinking about these changes by recognizing three distinctive elements at work in all evolving systems. These elements are represented by the gods Shiva, Vishnu, and Brahma.

Shiva, the destroyer, cuts down what is no longer working in order to allow the emergence of a new, more evolved state of affairs. This element is reflected in our activism work, challenging fossil fuel companies, the patriarchy, and dysfunctional governance structures. Vishnu, the sustainer, reinforces the systems that *are* working. This element is reflected in our investments in the publicly traded stocks and bonds of companies whose business models are truly sustainable. Brahma, the creator, innovates and evolves new, more adaptive systems and structures. This element is reflected in our new economy investments through New Summit. All three energies working together are required for a healthy, regenerative system.

It's clear that society's current trajectory of economic inequality, environmental degradation, and social injustice is unsustainable. It's also clear that a more sustainable future will come from reforming what's not working, sustaining what is, and creating what's needed. Our mission at Arjuna Capital is to engage our clients and their investments in all three phases of this necessary evolutionary process.

Natasha Lamb, Director of Equity Research & Shareholder Engagement

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