

IMPACT CAPITAL STRATEGIES

LEVERAGE THE POWER OF YOUR MONEY

At Impact Capital Strategies, elevating the voices of shareholders is more important than ever, especially after the recent national election.

Undoubtedly, there will be significant changes coming that will affect our world greatly. We believe that it is important for shareholders to use their investments to help influence and counteract these changing tides. Socially Responsible Investing (SRI) is a valuable and effective tool in those efforts.



SRI was founded in 1970's as a method to protest corporate behavior using a screening process to avoid companies that many felt had negative societal impacts. For the financial advisors at Impact Capital Strategies, the imperative of SRI grew after the Citizens United vs. FEC Supreme Court decision in 2010 where corporate power expanded tremendously. Working with our clients, we implement SRI as part of a comprehensive strategy to influence and seek change in corporate behavior, whether investing in particular companies or funds, or avoiding others.

Moreover, a 2014 TIAA-CREF analysis "of leading SRI equity indexes over the long term found no statistical difference in returns compared to broad market benchmarks, suggesting the absence of any systematic performance penalty." The study also stated that "incorporating environmental, social and governance (ESG) criteria in security selection did not entail additional risk" (Past performance does not guarantee future results).

We strongly believe that if you own a company – directly as a stockholder or indirectly through a mutual fund – it is your responsibility to use your voice. If investors stay silent, questionable corporate conduct will remain unchecked. The time to stay silent is over. It is time to act. Through shareholder activism, proxy voting and constructive dialogue with corporations, we are making a difference.

If your organization or social network is interested in hosting an educational event about the power of Socially Responsible Investing, Impact Capital Strategies would love to speak. Please contact Steve Badt at (202) 844-3552 or Steve@ImpactCapitalStrategies.net to schedule.

➔ SHAREHOLDER ACTIVISM SUCCESS

In the two recent examples cited below, Impact Capital Strategies connected interested clients with organizations seeking proxies to help protest corporate policies at shareholder meetings.

Duke Energy: Activists from a coalition of several North Carolina groups that work to promote safe renewable energy, climate justice, and energy democracy attended the Duke Energy shareholder meeting, again with proxies obtained from clients of Impact Capital Strategies. Speakers addressed the Duke CEO Lynn Good and Board of Directors about working toward a livable future. Specifically, they asked the CEO and the board to stop blocking the sale of solar energy by non-utilities (so-called "third-party sales") to homes, churches, nonprofits and small businesses and to clean up all their coal-ash dumps and provide safe drinking water to all affected communities near the dumps.

The primary goal of the activists was to spread awareness of Duke's impact on our climate, health, world and future, and to influence change. The meeting was covered by several media outlets including the Charlotte Observer the next day (05/05/2016): **"Shareholder meeting turns to green energy, environment"**.

Chevron: Amazon Watch led a delegation to Chevron's annual shareholder meeting in May to protest ongoing contamination in Ecuador. As planned, activists entered with proxies (many provided by clients of Impact Capital Strategies) and confronted Chevron CEO John Watson. The issue of the company's ongoing contamination in Ecuador and efforts by indigenous and farmer communities to enforce their \$9.5 billion judgment against Chevron dominated the meeting.

The protest was considered a success by organizers in continuing to pressure the Chevron CEO and Board of Directors, and all the shareholders who were present. The protest received significant media attention, including by the San Francisco Chronicle (05/25/2016): **Chevron CEO to climate activists: What would you live without?**

OUR VISION

Impact Capital Strategies (ICS) is the brainchild of Lori Johnston and Jon Ellenbogen who for years have discussed starting this venture and bringing the dream of their own socially responsible investing firm to reality. That vision of ICS was not just their own but included the aspirations of their clients who wanted to work with a company committed to making a difference in the world.

Many of our clients, whether individuals, non-profit organizations or foundations, choose to invest directly in specific companies (e.g. alternative energy companies) while others buy socially responsible mutual funds with a larger portfolio of screened companies. Some of our clients do not wish to screen their portfolios. Instead, they choose to use their voice as a shareholder to seek a positive change at a specific company; e.g. the Chevron and Duke Energy examples cited in this newsletter. Our goal at Impact Capital Strategies is to not only guide our clients on how to effectively invest their assets, but to also educate and empower them.

The bottom line: the investment equation is not always straightforward and that is why at Impact Capital Strategies we will work with each client to create a strategy that works best for them. Lori, Jon and Steve Badt desire to help our clients not only meet their financial goals but to build investment strategies that align with their social and political values. We aim to provide great service and work with integrity. We will always put our clients' interests before our own.



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THIS HOLIDAY SEASON

Impact Capital Strategies is committed to giving back to our local communities, both in the Boston and Washington, DC areas. We encourage you this holiday season to give generously to your favorite charities. Please have a safe and joyous holiday and New Year!

💡 INVESTMENT SPOTLIGHT - Calvert Foundation's Community Investment Note

Calvert Foundation's Community Investment Note is a high-impact, fixed income product that supports a diversified portfolio of nonprofits, microfinance institutions, social enterprises, and loan funds that benefit underserved communities in the U.S. and around the world. Investors earn a fixed financial return, generate measurable social returns, and benefit from Calvert Foundation's 20-year track record of solid portfolio performance.

Through WIN-WIN, Women Investing In Women Initiative, the Calvert Foundation invested \$6 million in 2014 towards empowering women in developing countries through clean energy technologies and fuels, by financing 307 women-owned small businesses.

In addition, other successful Calvert Foundation initiatives in 2015 included:

Environment: In 2015 Calvert Foundation focused its efforts on channeling capital to intermediaries that finance projects and organizations providing access to renewable energy access in developing countries, mostly in Sub-Saharan Africa. Calvert Foundation's loans helped connect 1,637,920 individuals to clean energy products or services, and contributed to the reduction of 200,954 tons of GHG emissions.

Education: Calvert Foundation's education-focused borrowers in 2015 helped finance 1,437 schools from primary to graduate levels. This includes the construction of new schools and the expansion of existing educational facilities. In addition, Calvert Foundation's loans supported the creation of 33,402 new classroom seats, either by expanding school capacity or making education more accessible to lower-income communities.

Impact Capital Strategies is proud to offer the Calvert Foundation's Community Investment Note as one option among many for our clients to invest in the impact they desire. We would love to talk in more detail about this and other progressive investments. In fact, we encourage you to visit our offices in Washington, DC or by appointment in Brookline, MA.