



The ultimate goal of engagement is to encourage action on matters that are important to investors. AJF'S engagement style is collaborative, we work with fund companies and shareholder advocacy group to push our agenda for material ESG issues, but we may choose to divest from a company if progress cannot be achieved by engaging management on material issues.

While the companies we invest in are sustainable in their processes there is still yet a long journey for them ahead. Companies like Apple, Amazon, and Starbucks that are constantly growing and expanding experience challenges on their environmental, social and governance policies that sometimes have an effect on the value of the company. As part of our effort we report on the companies that have made headway in their efforts to better processes:

Amazon (\$AMZN): Amazon has committed to The Climate Pledge and is investing in a range of large-scale solutions to decarbonize their business, some with immediate carbon savings and others with longer term payoffs. The company's carbon footprint is externally assured by a third party, Apex. They measure emissions based on direct and indirect operational activities hoping to achieve a net zero carbon across Amazon by 2040.

To learn more please visit: <https://sustainability.aboutamazon.com/environment/sustainable-operations/carbon-footprint>

Microsoft (\$MSFT): Microsoft has been criticized by the investors and the American Civil Liberties Union for supporting a bill that allowed for facial recognition. After months of scrutiny Microsoft is banning police from using its facial recognition tech until federal regulation is in place. The company's President Brad Smith stated "We've decided that we will not sell facial-recognition technology to police departments in the United States until we have a national law in place, grounded in human rights, that

will govern this technology... the bottom line for us is to protect the human rights of people as this technology is deployed”

Please Visit the link provided to learn more:

<https://www.washingtonpost.com/technology/2020/06/11/microsoft-facial-recognition/>

WellTower (\$WELL): WellTower has no doubt committed to corporate responsibility, they have been awarded Energy Star Partner of the year by the United States Environmental Protection Agency for the second consecutive year, they have been designated as a GRESB Green Star for Sustainability performance for the fifth consecutive year and named on the Bloomberg Gender Equality Index for the first time. The company is committed to reducing energy usage and greenhouse gas emissions through the direct operations of their facilities. Aside from their continuous efforts to maintain best practice in their industry on environmental efficiencies, WellTower has recently acquired “Signature at Wandsworth Common” in the UK that offers exceptional care to seniors. While also implementing low carbon technologies, more notably, their newly acquired building will help alleviate the unmet need for 2,000 additional assisted living and dementia care beds in the local area while adding 120+ jobs to the local economy.

For further information on WellTower’s impact please click on the link provided:

https://welltower.com/wp-content/uploads/2020/07/Welltower_CSRreport_2019_FINAL_071520.pdf

Costco (\$COST): As human rights issues take hold and the “S” in ESG has been highlighted In 2020 it is appropriate to update our clients on a previous company we have engaged in but are no longer invested in. Costco has long been under scrutiny about their human rights practices within their seafood supply chain., fortunately the company has made drastic improvements in the past few years. According to Parnassus’s ESG analyst “Costco has become an active member of **Seafood Task Force** – an international group of seafood processors, feed producers, buyers, retailers, government representatives and NGOs who have come together to address issues surrounding labor and illegal fishing in seafood supply chains. The task force is currently focused on the seas around Thailand. ([Seafood Task Force](#))

- In 2019, Costco launched a pilot program with over 10 recruitment agencies to certify compliance with the Seafood Task Force’s policy on responsible recruitment. ([Costco Human Rights](#))

Additionally, Costco is an active participant in the implementation of the **Aquaculture Stewardship Council** (ASC) shrimp standards. These global, performance-based standards help to minimize key negative environmental and social impacts of shrimp farming. Costco is actively transitioning more shrimp farms to reach the ASC standard by working with suppliers and the **World Wildlife Fund** to develop and implement Aquaculture Improvement Projects (AIPs). ([Sustainable Fisheries](#))”.

Although Costco is no longer apart of our portfolios it is incredible to see them making positive changes to improve their processes.

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If you have any questions or concerns please contact our Shareholder Advocate Holly Nahar (holly@ajffinancial.com).