



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 Alphabet 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:

Apple Inc (APPL): In its annual proxy filing Apple said it will modify executive cash bonuses based on whether executives act within the company's social and environmental values. While the company did not specify how it would evaluate this metric, they did however state executive compensation tied to the company's social and environmental values will increase or decrease bonus payouts by up to 10%. As 2021 progress we hope to see continued progress from Apple to maintain its commitments and continue to be a leader in their sector.

We hope to see other companies follow in the footsteps of Apple and tie compensation to ESG metrics. This will not only improve the reputation of a company but will also mitigate the risk of litigation and regulation.

Alphabet (GOOGL): Alphabet may face business risks related to employee morale and user trust due to insufficient protection for employees voicing ethical and human rights concerns. For years, Alphabet has faced controversies about retaliating against workers. This includes speculation that Alphabet may have illegally fired employees involved in labor organizing. In light, shareholders urged the Board of Directors to oversee a third-party review analyzing the effectiveness of its whistleblower policies in protecting human rights. As a result, a report on the review, prepared at a reasonable cost and omitting confidential or proprietary information, should be publicly disclosed on Alphabet's website. We are following the updates to this engagement and will notify clients in the upcoming quarterly engagement letter.

Disney (DIS): A client of AJF Financial has brought to our attention that some of America's biggest corporations gave over \$10 million to the politicians and candidates who have aided Donald Trump's attempt to undermine free and fair elections. Disney was one of those organizations that contributed to the republican party, however, it was the least amount contributed (\$10,000). Disney CEO Bob Chapek released a statement about the U.S. Capitol riots stating *"Yesterday was a sad and tragic day for our country, one unlike any other in our history. What we saw was an egregious and inexcusable assault on America's most revered institution and our democracy. Thankfully, the democratic process that we hold dear ultimately prevailed. Now, more than ever, it is imperative that we come together as one nation — united by our shared values, including decency, kindness, and respect for others. We should seize this opportunity, and move ahead with optimism and hope for a better, brighter future for all of America."*

It is still concerning to many, that Disney funded individuals whose purpose aligned with Donald Trump's motive. We have reached out to Disney in an effort for further clarification on their political funding dollars and will keep you posted on any response we receive.

US SIF: As a member of US SIF, we are excited to announce Clean energy tax credits were

extended! In the omnibus spending bill that was signed in late December, onshore wind and solar tax credits were extended by one and two years, respectively, and offshore wind tax credits were extended to 2025. Although the extensions were enthusiastically welcomed by the wind and solar industries, we all must fight to secure longer terms tax credits to ensure a future powered by 100% renewables. We will continue to support US SIF and sign onto their letters as we progress change together.

Brown Advisory: Brown Advisory one of AJF’s fund company, have developed an impact framework consisting of four major themes and 11 subthemes, each focusing on the Environment, Economic Development, Social Inclusion as well as health and Wellbeing. This is exciting since their framework for investing in sustainable holdings was created so that they are relevant and robust for equities, fixed income holdings, and private and alternative investments.

They have also decided to “Go Carbon Neutral” and will offset 100% of their CO2e emissions each year through the purchase of renewable energy certificates and carbon offset investments. To be clear, purchasing mitigating instruments like carbon certificates and investments does not reduce CO2 and other warming gasses from our air, but these purchases fund the development of renewable energy generation and spur economic development in some areas. To read more about the amazing impacts Brown Advisory has and its future plans click [here](#) to view their 2020 Sustainability report.

The infographic is divided into four colored boxes, each representing a major theme of the impact framework. The 'Environment' box is green and lists four sub-themes: Sustainable Agriculture & Natural Resource Management, Clean Energy, Efficient Product & Conservation, and Sustainable Technology Innovation. The 'Economic Development & Social Inclusion' box is orange and lists four sub-themes: Affordable Housing, Education, Economic Mobility & Community Development, and Diversity, Inclusion & Equality. The 'Multisector' box is blue and describes investments helping to finance projects spanning multiple sectors. The 'Health & Well-Being' box is grey and lists two sub-themes: Health & Wellness and Clean Water & Sanitation.

Environment	Economic Development & Social Inclusion
Sustainable Agriculture & Natural Resource Management Investments engaging sustainable farming and resource management	Affordable Housing Investments supporting affordable housing initiatives
Clean Energy Investments developing, building or providing renewable energy	Education Investments supporting education accessibility and improvement
Efficient Product & Conservation Investments improving resource efficiency	Economic Mobility & Community Development Investments supporting community economic development efforts
Sustainable Technology Innovation Investments driving product innovation	Diversity, Inclusion & Equality Investments fostering racial and gender diversity

Multisector	Health & Well-Being
Investments helping to finance projects spanning multiple sectors, as well as companies whose sustainable initiatives span multiple themes	Health & Wellness Investments promoting wellness and providing access to health care services
	Clean Water & Sanitation Investments improving access to clean water and solving critical water quality and sanitation issues

In other news, President Biden has named Allison Herren Lee the Acting Chair of the SEC. she has written, lectured, and taught courses on international financial regulation and corporate law. She served on the staff of the SEC for over a decade in various roles. Lee's designation is important because, during her time as commissioner, she has focused on climate and sustainability. This plays a vital role in capital markets and aligns the United States' commitments to climate change, she has noted these issues will continue to be a priority as we work together to protect investors and ensuring market integrity.

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In creating a world that works for everyone, AJF Financial was committed to making a one-time charitable donation on 10% of fees earned from new money deposited into existing client accounts through December 31st. We are pleased to announce that our charitable contribution has amounted to \$1,500.

AJF Tax Planning Meeting

If you are interested in discussing tax-efficient plans for the 2021 tax year please join us on **Wednesday, January 27th @ 11:00 am** for an informative session on tax planning. We will discuss tax changes and key amounts for the 2021 tax year. Hope to see you there!

RSVP by emailing holly@ajffinancial.com



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

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