



ARJUNA CAPITAL
2023 IMPACT

Invest in the world you want to live in.



A Letter from Natasha Lamb, Chief Investment Officer



For the last 10 years, Arjuna has aimed to invest in the world we want to live in. A world that prioritizes environmental sustainability, economic opportunity for all, and healthy vibrant communities. 2023 was a year of celebration, as it marked 10 years of working in partnership with our clients to achieve these goals.

In our annual impact report, we seek to quantify and describe how we create positive impact, using the tools of divestment, investment, and engagement. We compare the environmental, social, governance (ESG) performance of our US and Global stock strategies – Arjuna 350 and Arjuna Global Impact – to their benchmarks. And we delve into the impact of our company engagements and impact-focused private market strategies. To begin, I'll touch on some of the work we did in 2023.

Climate change remained a priority for investors this past year, Arjuna included. \$57 trillion in global investment assets support the Net Zero Asset Managers initiative (NZAM). Net zero is a state where greenhouse gases (GHGs) going into the atmosphere are balanced by their removal out. Such actions are necessary to avoid risks from catastrophic climate change, including material financial risks to our global economy, company earnings, and investors' portfolios. Starting in 2022, Arjuna set science-based targets (SBTs) to produce close to zero emissions in our portfolios by 2050. In 2023, we made consistent progress toward these goals, with over 60% of the companies held in our public stock strategies actively working toward Net Zero.

We also continued to invest client capital in companies and funds that are commercializing profitable solutions to our world's greatest sustainability challenges—in both public and private markets. To date, our sister company, New Summit Investments, has committed a total of \$115M to three investment themes: climate solutions, healthy communities, and economic opportunity. In 2023, New Summit Impact Fund III raised a \$39M private equity fund-of-funds to deploy capital to solution-oriented funds run by diverse management teams. Of the current fund investments, five have significant racial diversity on their investment committees, and six significant gender diversity—outsized figures in an industry where less than 2% of capital is deployed to diverse managers. This coming year will mark the launch of the 4th vintage of the New Summit Impact Fund strategy.

2023 was an active year in our shareholder engagement practice as well. Arjuna engaged 23 companies in our clients' portfolios on issues both familiar and emerging. These included climate change, racial and gender pay equity, Artificial Intelligence, and reproductive rights, among others. Through filing shareholder proposals and entering productive dialogues with company leadership, we engage on issues that are financially and socially material to our clients' portfolios. We do this because in a world of widening inequality, fragile democracies, and increasing climate risk, active engagement is essential.

In the coming year, we will continue to work as good fiduciaries, in our long-standing effort to foster positive change and positive returns for our clients. Our team is excited to continue this valuable work alongside our clients.



From sectors with significant exposure to systemic environmental, social and governance risks, including fossil fuels, weapons, and private prisons.

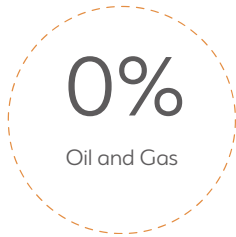


In companies that thoughtfully address the Sustainable Development Goals (SDGs) in their operations, products, and services.



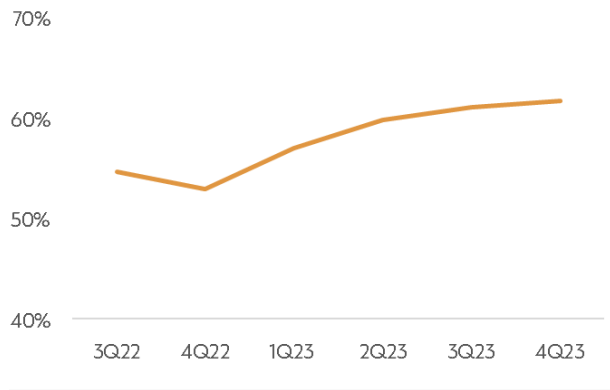
With companies on their sustainability practices to influence action through active dialogue, shareholder resolutions, and proxy voting.

Arjuna aims to divest our clients' capital from companies with significant social, environmental, and governance risks. For instance, we seek to screen out companies that receive revenue from oil and gas, weapons, and for-profit prisons. We also aim to divest from companies that have significant outstanding controversies, including violations of the UN Global Compact principles of human rights, labor, environment, and corruption.*



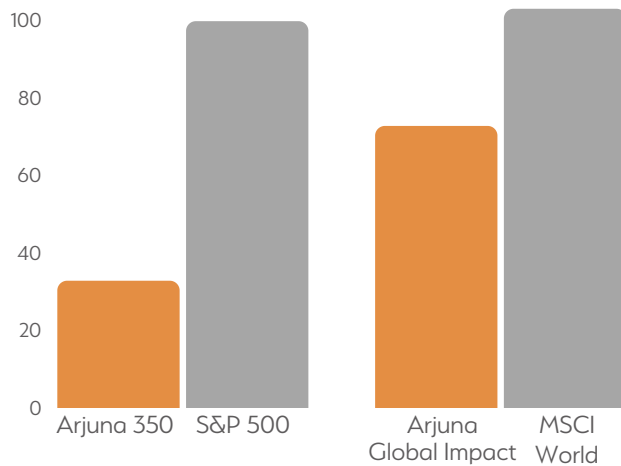
Net Zero Progress

Arjuna Companies Committed to Science-Based Emissions Reductions



Arjuna joined the Net Zero Asset Managers initiative (NZAM) in October 2021, committing to support the goal of Net Zero greenhouse gas emissions by 2050, in line with global efforts to limit warming to 1.5 degrees Celsius. Arjuna set interim targets to invest 100% in companies that are Net Zero by 2050. At the end of 2023, 62% of the companies in our public stock strategies were committed to actively working towards Net Zero emissions. Arjuna will continue to actively engage clients' portfolio companies to adopt Net Zero goals, seek new investments in companies that have committed to become Net Zero, and divest from companies that fail to set goals over time.

Carbon Risk Tons CO₂e/\$M Sales



67%

Less carbon intensity
Arjuna 350
vs
S&P 500



29%

Less carbon intensity
Arjuna Global Impact
vs
MSCI World

*Arjuna's stock strategies do not invest in oil and gas, controversial weapons, private prisons, or companies with Global Compact Compliance Violations, however individual clients may themselves have holdings in such companies. The percentages listed represent Arjuna portfolios' market value exposed to companies flagged for business involvement in these areas.

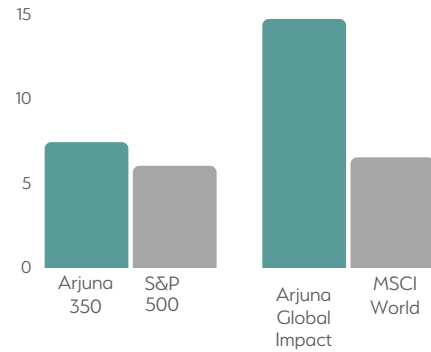
In both public and private markets, Arjuna seeks to invest in companies contributing to the United Nations Sustainable Development Goals (SDGs). These companies provide solutions to some of the world's most pressing challenges, including climate change, inequality, health, and resource scarcity.



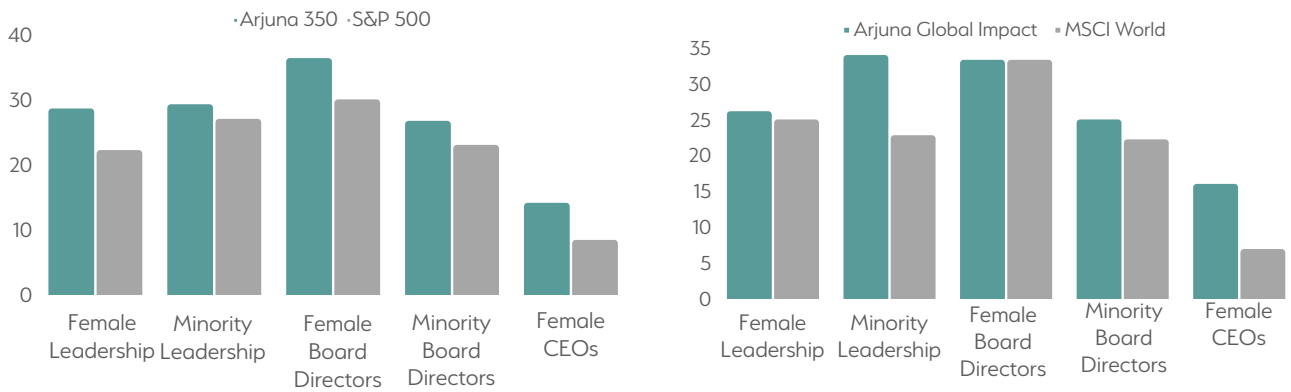
Arjuna Global Impact Strategy
Holdings by UN Sustainable Development Goal



% Revenue Exposure to Sustainable Impact Solutions*



Racial & Gender Median Representation %*



NEW SUMMIT IMPACT FUNDS

Investing in private markets through New Summit Impact Funds allows clients to invest in funds whose companies and projects directly address sustainability goals. New Summit fund-of-funds have committed **\$115M** to private impact investing. Below are example New Summit fund investments.**



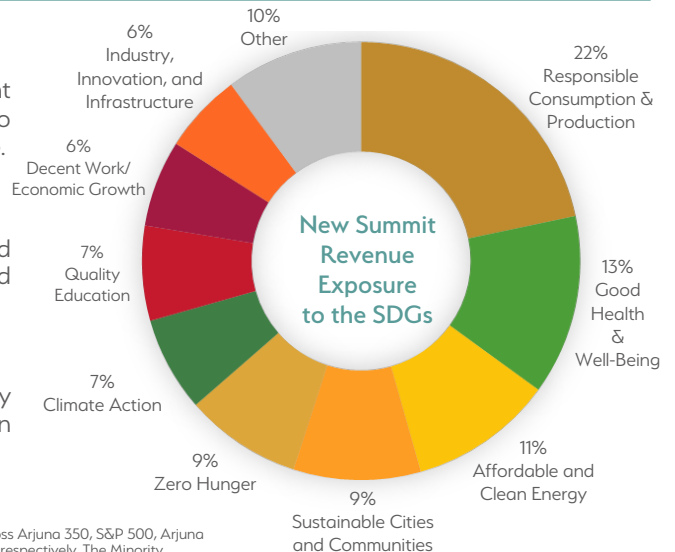
Buoyant Ventures is a women-led investment firm that invests in technology that adapts to and mitigates the impacts of climate change.



Jonathan Rose promotes sustainability and social equity through developing and maintaining green, affordable housing.



Quona invests in financial technology companies that promote financial inclusion in emerging markets.



*These graphs measure the median percentage of racial and gender representation of our portfolio companies across Arjuna 350, S&P 500, Arjuna Global Impact, and MSCI World. The Female Leadership data point has data coverage of 87%, 96%, 93%, and 76% respectively. The Minority Leadership data point has data coverage of 55%, 46%, 50%, and 42% respectively. The Female Director data point has coverage of 100%, 100%, 98%, and 91% respectively. The Minority Director data point has coverage of 98%, 97%, 93%, and 94% respectively. The Female CEO data point has coverage of 100%, 99%, 98%, and 98% respectively.
**The listed investments are for illustrative purposes only. New investors may not have the opportunity to gain exposure to these investments. A full list of all New Summit investments are available upon request.

SHAREHOLDER ENGAGEMENT



Active engagement from shareholders can have a profound influence on public companies' policies and behaviors, challenging them to become more equitable, environmentally sustainable, and financially resilient. We engage our clients' portfolio companies by filing shareholder proposals, participating in dialogue, publishing our annual Racial and Gender Pay Scorecard, and voting our clients' proxies.

ARTIFICIAL INTELLIGENCE/ MIS- & DISINFORMATION



RACIAL & GENDER PAY EQUITY



RACIST POLICE BRUTALITY



23 Proposals Filed **8** Company Agreements **1** Majority Shareholder Vote

LOBBYING/ POLITICAL SPENDING



EMISSION REDUCTION TARGETS



REPRODUCTIVE HEALTH RIGHTS



RACIAL & GENDER PAY EQUITY CAMPAIGN **43** companies directly engaged since 2015 **8** companies directly engaged in 2023 **38** commitments to disclose pay gaps

In March 2023, Arjuna published its 6th annual RACIAL & GENDER PAY SCORECARD.

2023 ENGAGEMENT HIGHLIGHTS



In a first-of-its-kind AI proposal, Arjuna asked Microsoft's board to assess the risks that generative Artificial Intelligence will facilitate mis- and disinformation. The proposal, which received 21% investor support, asked the company to report on the steps taken to remediate such harms and the ongoing effectiveness of doing so.



Fox agreed to conduct an independent investigation into the merits of establishing a Risk Oversight Committee of the Board after Arjuna withdrew a proposal requesting greater risk oversight. Arjuna filed the proposal in response to Fox's \$787M defamation settlement with Dominion due to allegations of spreading election misinformation.



CVS agreed to strengthen customer privacy protections after Arjuna filed and withdrew a proposal asking CVS to address privacy threats to customers' reproductive health data. The company also committed to track and report on how it responds to law enforcement data requests.

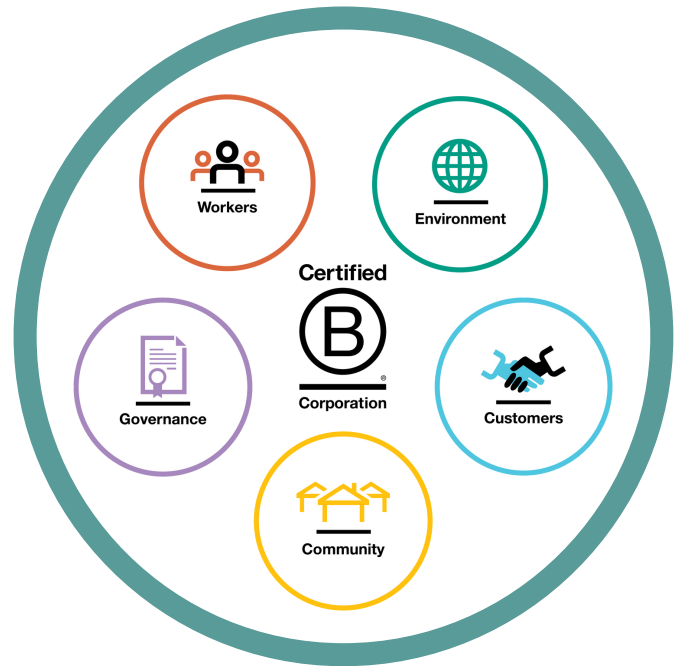


At Kroger's 2023 annual meeting, 51% of shareholders voted in favor of Arjuna's proposal requesting the company assess and disclose racial and gender pay gaps. In response to the majority vote, Kroger agreed to begin comprehensively disclosing data within the coming months.

*Arjuna does not invest broadly in all of the companies that we engage with on behalf of our clients. For instance, Arjuna's stock strategies do not invest in oil and gas companies, but we engage Exxon Mobil and Chevron on behalf of clients with long-held positions. We believe these engagements benefit our clients' portfolios broadly given the risks of climate change to our economy. Other examples include Fox and NextEra Energy. We co-filed proposals at Chevron, Exxon, NextEra Energy, and UnitedHealth Group alongside other lead investors.



IMPACT PILLARS



CREATING AN ECONOMY
THAT WORKS FOR
EVERYONE

FORCE FOR GOOD

Arjuna Capital seeks to promote a more equitable, environmentally responsible world through its investments. As a firm focused on both profit and mission, we pursued becoming a certified Benefit Corporation (B Corp) through B Lab and received certification in 2022. This certification acknowledges businesses that are leaders in the global movement for an inclusive, equitable, and regenerative economy.

In 2023, we continued to ensure we upheld B Corp’s Impact Pillars within our own operations by evaluating best practice HR policies, measuring Arjuna’s own carbon footprint, and seeking ways to reduce Arjuna’s operational emissions.

Disclosures

Arjuna 350 uses the S&P 500 benchmark. The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market-value weighted index (stock price times number of share outstanding), with each stock’s weight in the Index proportionate to its market value. The S&P 500 is one of the most widely used benchmarks of US equity performance. The S&P 500 benchmark in this report reflects the holdings of the SPDR S&P 500 ETF Trust, which closely tracks the S&P 500 Index.

Arjuna Global Impact was previously named the Highwater Global Impact Fund and on March 31st, 2019, the fund transitioned to a separately managed account strategy and was renamed. From May 2014 to April 2023 it was managed by portfolio managers Natasha Lamb and Adam Seitchik. Since April 2023, it has been managed by Natasha Lamb. Arjuna Global Impact uses the MSCI World benchmark. The MSCI World is a broad global equity index that represents large and mid-cap equity performance across 23 developed markets countries chosen for market size, liquidity, and industry group representation. It covers approximately 85% of the free float-adjusted market capitalization in each country and does not offer exposure to emerging markets. The MSCI World benchmark in this report reflects the holdings of the iShares MSCI World ETF, which closely tracks the MSCI World Index.

Carbon risk, sustainable impact solutions, Arjuna Global Impact SDG, business involvement, and racial and gender representation data for all funds are as of 12/31/23. All data is sourced from MSCI. Racial and gender representation data is also sourced from DiversiQ. New Summit Investment SDG data is based on New Summit Investment’s proprietary analysis and is as of 12/31/22. The carbon risk metric measures exposure to carbon intensive companies. It is based on MSCI CarbonMetrics, and is calculated as the portfolio weighted average of issuer carbon intensity. At the issuer level, Carbon Intensity is the ratio of annual scope 1 and 2 carbon emissions to annual revenue. Carbon risk, sustainable impact solutions, Arjuna Global Impact SDG, and business involvement data has data coverage of over 98% for each investment strategy.

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