



**Communication on Progress**  
**Supporting the United Nations Global Compact**  
Submitted August 2016, covering July 2015 through August 2016

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This is our Communication on Progress  
in implementing the principles of the  
United Nations Global Compact.

We welcome feedback on its contents.

## Statement of Continued Support

To our stakeholders:

I am pleased to confirm that SharePower Responsible Investing, Inc. reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'R. Torgerson', is positioned above the printed name.

Richard W. Torgerson  
President and CEO

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## Our Company

### SharePower Responsible Investing, Inc.

SharePower Responsible Investing Inc. is a different kind of independent financial company. Collectively owned by all member advisors and support staff, we serve our clients, not a Wall Street firm, hedge fund or insurance company. Our mission is to bring socially responsible investing strategies to individuals, families, small businesses and nonprofits who wish to align their investments with their values. We believe that the best investment program meets the needs of each client, contributes to a just society, and promotes a healthy planet. We are one of very few financial firms in the US that has committed to the United Nations Global Compact, a pledge to commit our resources to further human rights, labor rights, environment and social justice.

Our Founding Circle of Financial Advisors came together to launch SharePower Responsible Investing because we wanted a firm that would support the growth of our practices, always put client interests first, support state of the art SRI products and services, leverage the talents of each member through collaboration and cooperative effort, and not be beholden to any other financial interests from outside shareholders or controlling holding companies. We believe that the more perspectives we



incorporate into our business and our investment analysis, the wiser our decisions will be. All SharePower advisors, research and support staff have equity ownership and a voice in the company. Our board chair and 50% of the board of directors are female. SharePower also provides professional membership in the First Affirmative Financial Network.

Just as our investment choices are made with your clients' financial goals, a just society and a healthy planet in mind, so too should our company contribute. We've committed to the United Nations Global Compact and the UN Sustainable Development Goals. We are a national leader in Green America's Green Business Network, and are sponsoring Green America's invaluable Guide to Socially Responsible Investing for 2016.

### Socially Responsible Investing

Simply put, "socially responsible investing" has been described as the act of applying social and ethical considerations to investment decisions. But whose social and ethical considerations? The investor primarily concerned with peace and justice issues might oppose investing in clean energy stocks that contract with the military. The investor primarily concerned with labor rights would be aghast at many of the non-union companies found in otherwise progressive portfolios. Who gets to decide what is "socially responsible"?

SharePower advisors have historically taken the position that the investor's own views should be paramount in deciding what is "socially responsible" in their portfolio. At the same time, many clients look to us for guidance and ask us to help craft the most responsible and proactive portfolios possible.

No one company can legitimately dictate what ethics and social responsibility means for all. Fortunately we already have a blueprint forged by virtually all of the cultures of the world. That blueprint is contained in three documents: The United Nations Charter, the United Nations Global Compact and the United Nations Sustainable Development Goals. Between these three documents are declarations of universal goals common to all mankind that offer the closest thing to a universal definition of social responsibility there is.

SharePower Responsible Investing is active in each of the three components of socially responsible investing:

#### SOCIAL SCREENING AND PORTFOLIO MANAGEMENT:

We identify investment opportunities that have a positive impact in their communities and in the world, while avoiding investments in companies that are contrary to our clients' personal and social values.

#### SHAREHOLDER ADVOCACY:

We help our clients leverage their investment assets with other investors to advocate for and shape corporate behavior through proxy initiatives and shareholder/management dialogue.

#### COMMUNITY INVESTING:

As a way to help disadvantaged communities grow and thrive, we can direct a small percentage of our clients' investments to communities, development banks and small businesses that lack access to traditional financial markets.

## Cambridge Investment Research

To build a better financial services firm, we wanted to align with the best independent broker/dealer. We investigated broker/dealers the same way we investigate socially responsible companies to invest in. After a comprehensive two year search evaluating the professional capabilities, social and environmental profiles of the largest and most capable independent broker/dealers in the US, Cambridge Investment Research stood out above the rest. A remarkably clean and exemplary regulatory record showed us that Cambridge lived and breathed their stated corporate goals: Commitment, Integrity, Flexibility, and Kindness. No other financial firm we know of strives for kindness as a corporate mission, and Cambridge's record and conduct shows the talk is walked every day. Cambridge was voted by our peers as the best broker/dealer in the US for several years running.<sup>1</sup>



<sup>1</sup> Investment Advisor magazine, 2015, 2014, 2013, 2012, 2010, 2008, 2007, Division IV; 2003, Division III. A broker-dealer becomes eligible for this honor only after a minimum of 10% of its producing rep-advisors cast valid ballots. The ballots rate the broker-dealer in 15 different categories defined by Investment Advisor as relevant challenges and concerns. Broker-dealers receiving the highest marks in each of four are declared Broker-Dealer of the Year. Results are based on experiences and perceptions of participants surveyed in June of each of the years listed. Experience may vary. This recognition is not representative of investment performance or returns of rep/advisors. Visit [advisorone.com](http://advisorone.com).

# Actions in Support of the Principles

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## Human Rights

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PRINCIPLE ONE: BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS; AND

PRINCIPLE TWO: MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES

### *Policies, Operations and Implementation*

SharePower Responsible Investing has policies in place that address sexual harassment in the workplace, as well as responsible sourcing of materials.

SharePower also conducts social screening research and analysis to evaluate the record of companies in the area of human rights. Investments in companies found to have problematic behaviors in human rights issues are divested or avoided, while investments in companies with exemplary human rights records are emphasized. The following human rights issues are evaluated:

- Complicity in Violence
- Dangerous or Exploitative Community Impact
- Firearms Manufacture and/or Distribution
- Freedom of Expression & Censorship
- Weapons & Military Contracting

To obtain a fully rounded picture of companies' behavior on human rights issues, SharePower employs

- social research from professional research vendors such as MSCI ESG Manager and IW Financial.
- primary research sources such as government databases and company filings with the SEC.
- wherever possible, street level reports from activist, community, and labor groups and NGO's.

### *Goals and Measurement of Outcomes*

For the coming year, we seek to achieve the following measurable goals:

1. Communicate the importance of human rights issues in the investments we seek in the performance of our financial services to all of our clients. Beyond active collaboration, we will accomplish this by delivering and implementing our social issues questionnaire to current and prospective clients. We will measure the number and percentage of clients and prospective clients that review our social issues questionnaire.
  2. Appoint a working group of advisors and staff to review the UN Guiding Principles on Business and Human Rights in regards to our internal operations, delivery of service to clients, and our purchasing of materials and supplies for our business operations. This working group will report progress to the Board on the implementation of each point in the Principles.
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## Labor

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PRINCIPLE THREE: BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING;

PRINCIPLE FOUR: THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOR;

PRINCIPLE FIVE: THE EFFECTIVE ABOLITION OF CHILD LABOR; AND

PRINCIPLE SIX: THE ELIMINATION OF DISCRIMINATION IN RESPECT TO EMPLOYMENT AND DISCRIMINATION.

### *Policies, Operations and Implementation*

SharePower Responsible Investing has policies in place that address discrimination in the workplace due to race, religion, ethnicity, age, sexual orientation or identity. Our purchasing policies include a prohibition against sourcing materials from companies with known labor rights issues, and to seek union made products wherever possible.

SharePower advisors and employees are 1099 independent contractors and therefore prohibited by U.S. law from joining a union. However, to ensure that all voices are heard, all advisors and support staff were appointed to the Board of Directors at our founding meeting in August 2015.

SharePower also conducts social screening research and analysis to evaluate the record of companies in the area of labor rights. Investments in companies found to have problematic behaviors in labor rights issues are divested or avoided, while investments in companies with exemplary labor rights records are emphasized. The following labor rights issues are evaluated:

- Discriminatory Treatment by Age, Elderly Issues
- Discriminatory Treatment of Gay, Lesbian, Bisexual or Transgendered
- Discriminatory Treatment of Racial, Ethnic or Religious Minorities
- Discriminatory Treatment of the Disabled
- Discriminatory Treatment of Women
- Exploitative Labor Practices
- Hostility to Collective Bargaining and Workers' Rights
- Involvement in Child and/or Forced Labor
- Lack of Family Friendly Employment Policies
- Workplace Safety

To obtain a fully rounded picture of companies' behavior on labor rights issues, SharePower employs

- social research from professional research vendors such as MSCI ESG Manager and IW Financial.
- primary research sources such as government databases and company filings with the SEC.
- wherever possible, street level reports from activist, community, and labor groups and NGO's.

### *Goals and Measurement of Outcomes*

For the coming year, we seek to achieve the following measurable goals:

3. Communicate the importance of labor rights issues in the investments we seek in the performance of our financial services to all of our clients. Beyond active collaboration, we will accomplish this by delivering and implementing our social issues questionnaire to current and prospective clients. We will measure the number and percentage of clients and prospective clients that review our social issues questionnaire.
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4. Appoint a working group of advisors and staff to review the Labor principles of the United Nations Global Compact in regards to our internal operations, delivery of service to clients, and our purchasing of materials and supplies for our business operations. This working group will report progress to the Board on the implementation of each point in the Principles.

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## Environment

PRINCIPLE SEVEN: BUSINESSES SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES;

PRINCIPLE EIGHT: UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY; AND

PRINCIPLE NINE: ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES.

### *Policies, Operations and Implementation*

SharePower's environmental footprint is negligible. Employees and advisors of SharePower are encouraged to minimize their carbon footprint substantially:

- 100% of all SharePower advisors members are empowered to telecommute from home at their sole discretion.
- As of this date, no employee of SharePower commutes to a separate job site as a result of their SharePower employment.
- All SharePower management meetings are conducted via teleconference.
- 100% of SharePower paper marketing materials are produced using recycled paper and soy based inks.
- Over 90% of all furnishings, carpeting etc. in SharePower's Westminister Maryland headquarters are made from recycled and/or repurposed materials. Low VOC paints and fluorescent or LED lighting are employed throughout.

SharePower has endorsed the United Nation's CEO Water Mandate.

SharePower also conducts social screening research and analysis to evaluate the record of companies in the area of environmental responsibility. Investments in companies found to have problematic behaviors in environmental issues are divested or avoided, while investments in companies with exemplary environmental impacts and records are emphasized. The following environmental issues are evaluated:

- Destructive Biodiversity & Land Use Practices
- Fossil Fuel Companies Targeted by Fossil Fuel Divestment Campaign
- Fossil Fuel Companies Owning and Extracting Reserves - All
- Major Greenhouse Gas (GHG) Emissions or Impact
- Major Toxic Emission & Waste Management Impact
- Major Water Use & Management Impacts
- Nuclear Power
- Use of Genetically Modified Organisms (GMO) products

To obtain a fully rounded picture of companies' behavior on environmental issues, SharePower employs

- social research from professional research vendors such as MSCI ESG Manager and IW Financial.
  - primary research sources such as government databases and company filings with the SEC.
  - wherever possible, street level reports from activist, community, and labor groups and NGO's.
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### *Goals and Measurement of Outcomes*

For the coming year, we seek to achieve the following measurable goals:

5. Communicate the importance of environmental issues in the investments we seek in the performance of our financial services to all of our clients. Beyond active collaboration, we will accomplish this by delivering and implementing our social issues questionnaire to current and prospective clients. We will measure the number and percentage of clients and prospective clients that review our social issues questionnaire.
6. Appoint a working group of advisors and staff to review and report on the six components of the United Nation's CEO Water Mandate. Our next UNGC COP will include a communication on progress in implementing the six Water Mandate areas.

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## Anti-Corruption

PRINCIPLE TEN: BUSINESSES SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS INCLUDING EXTORTION AND BRIBERY.

### *Policies, Operations and Implementation*

SharePower has endorsed the UN Global Compact's Call to Action: Anti-Corruption and the Global Development Agenda.

SharePower Responsible Investing supports and adheres to Cambridge Investment Research Advisors' Code of Ethics.

All SharePower advisors and support staff take annual continuing education courses on anti-money laundering efforts within our business and industry.

Neither SharePower nor our advisors have any reportable employment related, investment customer related or investment related regulatory actions or complaints filed with any relevant regulatory body.

SharePower has joined USSIF, the trade organization for socially responsible investment institutions, in order to add our voice for comprehensive regulatory and political reforms within the United States.

SharePower also conducts social screening research and analysis to evaluate the record of companies in the area of anti-corruption, which in the case of companies encompass issues of corporate governance as well as bribery, extortion and money laundering. Investments in companies found to have problematic behaviors in corporate governance issues are divested or avoided, while investments in companies with exemplary corporate governance records are emphasized. The following corporate governance issues are evaluated:

- Anticompetitive Practices
  - Board Structure, Transparency, & Conflicts of Interest
  - Business Ethics: Bribery & Fraud
  - Destructive Political Involvement
  - Egregious Product Safety Issues
  - Excessive Executive Compensation
  - Exploitative and/or False Advertising & Marketing
  - Predatory Practices Against Consumers and/or Communities
  - Repressive Regimes Involvement and Support
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To obtain a fully rounded picture of companies' behavior on corporate governance issues, SharePower employs

- social research from professional research vendors such as MSCI ESG Manager and IW Financial.
- primary research sources such as government databases and company filings with the SEC.
- wherever possible, street level reports from activist, community, and labor groups and NGO's

SharePower employed this research to apply social screens to our clients' money market balances in 2016. In anticipation of major changes in money market funds this year, we've recommended National Financial's FDIC Bank Sweep Program as the default cash option for clients' brokerage accounts. This program provides FDIC protection by sweeping available cash in a brokerage account with up to 10 banks. We then conduct social screening on banks in the program, excluding those that fail social screens on predatory lending, risky practices leading up to the 2008 financial collapse and the range of issues outlined by the United Nations Global Compact. (Consult the NFS Disclosure Document for more info, available on request.)

SharePower participated in two initiatives to address inequities of wealth and abuses of power in the financial markets in 2015-2016:

- We joined with USSIF and other financial firms to urge US Labor Secretary Tom Perez to rescind new Department of Labor regulatory language (DOL Interpretive Bulletin Relating to Exercise of Shareholder Rights (29 CFR 2509.08-2) ("Shareholder Rights Bulletin" or IB 08-02)) that would severely curtail shareowner rights and fiduciaries' ability to act on their judgment to mitigate long-term risk through shareholder engagement with companies they own. These rules would remove an important force in checking socially irresponsible corporate behavior of publicly owned and traded corporations.
- We joined with Americans for Financial Reform and 32 other NGO's and financial firms to urge Federal regulators to strengthen the proposed implementation of Wall Street incentive compensation rules under Dodd-Frank Sec. 956. Strengthening the rules would serve to reduce the incentives for inappropriate short-term risk-taking that could create disastrous long term consequences for society.

### *Goals and Measurement of Outcomes*

For the coming year, we seek to achieve the following measurable goals:

7. Communicate the importance of corporate governance issues in the investments we seek in the performance of our financial services to all of our clients. Beyond active collaboration, we will accomplish this by delivering and implementing our social issues questionnaire to current and prospective clients. We will measure the number and percentage of clients and prospective clients that review our social issues questionnaire.
8. Continue working with USSIF, the Financial Services Institute and other industry organizations to promote more responsible political and regulatory behaviors by financial institutions in the US.

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## Company Wide Goals and Measurement of Outcomes

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In addition to the eight issue specific goals outlined above, SharePower Responsible Investing commits to the following goals for the coming year:

### Access to Financial Services and Management

The United States investor class is shrinking. With a national Gini wealth coefficient of 0.80 and rising, the US has the most unequal distribution of wealth of any developed country in the world<sup>2</sup>. Yet many financial services firms are refusing full service advisory or brokerage services to any with less than 7 figure portfolios. Yet the “bottom 99%” of Americans needs professional financial guidance now more than ever. SharePower believes that the increasing concentration of wealth and income is the financial industry’s critical social issue. To address this issue we will:

- Seek ways to reduce the minimum investment of our products and services to the lowest amount feasible to make them accessible to more investors.
- Encourage our SharePower advisors to reduce or eliminate investment minimums in their own practices.
- Encourage our SharePower advisors to provide pro bono social investment education seminars in public venues in our respective service areas.
- Make available to SharePower advisors mechanisms to access commission-based, asset fee-based, planning fee-based and/or hourly fee-based strategies to insure that our products and services are available in the most cost effective way to all people in all situations.
- To seek out, evaluate and/or develop financial products and services appropriate not only for high net worth investors but to middle class investors as well.

### Continue Refining Our Operations in Congruence with the UN Global Compact

We will employ the framework of the six steps in the UN Global Compact Management Model: Commit, Assess, Define, Implement, Measure, and Communicate. Our progress will be reported in next years’ Communication On Progress Report.

### Communicating Socially Responsible Investing to a Wider Audience

SharePower will bring socially responsible investing, and the UN Global Compact’s and the Sustainable Development Goals to a wider audience by:

- Working with Cambridge Investment Research to promote SRI to the wider group of over 3,000 Cambridge advisors.
- Continued sponsorship of Green America’s Guide to Socially Responsible Investing.
- Training and recruiting additional advisors to SharePower.
- Creating and giving educational seminars covering SRI, the Fossil Fuel Free Movement, the UN Global Compact and the Sustainable Development Goals.

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<sup>2</sup> Brandmeir, Kathrin, Michaela Grimm, Michael Heise, and Arne Holzhausen. Allianz Global Wealth Report 2015. Munich: Allianz SE Economic Research, 2015. Allianz SE Economic Research, Aug. 2015. Web. 21 Aug. 2016.

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## Disclosures and Contact Info

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SharePowerResponsibleInvesting.com

Investing involves risk including loss of principal. Different types of investments carry varying degrees of risk and clients and prospective clients should be prepared to bear investment and original principal loss.

Investing, including socially responsible investing, does not guarantee any amount of success.

Securities offered through registered representatives of Cambridge Investment Research, Inc., member FINRA/SIPC.

Advisory Services through Cambridge Investment Research Advisors, Inc., a Registered Investment Advisor.

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