



Ethics\$

Spring 2017

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Shareholder Advocacy in 2017

By Brianna Harrington

Harrington Investments, Inc. (HII) filed and co-filed a dozen resolutions altogether for the 2017 proxy season, and experienced some measureable victories.

As previously announced, we had our sustainability successes with PepsiCo and Coca-Cola earlier this year, and received some media attention by way of an article in [Bloomberg Briefs Sustainable Finance](#). After three years of dialogue with Pepsi's corporate governance staff members, we were finally able to convince them that a sustainability committee was critical, and the [PepsiCo Public Policy and Sustainability Committee](#) was born! Coke's response was different – after they received our Sustainability Committee proposal, they changed the language in their Public Issues and Diversity Review Committee charter to include sustainability as a duty of the Board and claimed “substantial implementation” of what our proposal sought.

Although our resolutions at Pepsi and Coke were withdrawn, we were able to get both companies to accept fiduciary responsibility for sustainability, making it a legally-binding responsibility of the Board.

We returned to Monsanto with our proposal requesting a report on Glyphosate, the active ingredient in Round-Up, but sadly did not receive enough votes to bring the resolution back for a third year in 2018. Ironically, the Monsanto Annual Meeting of Shareholders fell on the same day as the hearing for a lawsuit between Monsanto and the State of California, where a judge ruled that the state can require Monsanto to label Round-Up as a possible cancer threat.

As the proxy season winds down, we only have one resolution that has yet to come to a vote. We filed a “Charitable Congruency” resolution at McDonald's which will be presented by Corporate Accountability International, as a component of their “Value [the] Meal” challenge to McDonald's junk food campaign targeting children. The McDonald's Corporation annual shareholder meeting will be held May 24, 2017. Visit our shareholder resolution page for updates on McDonald's, and a complete list of the resolutions we filed this year:

<http://www.harringtoninvestments.com/advocacy/shareholder-resolutions/>

Bottom, Right: Images of the Inaugural Protest in downtown Napa, January 21st, 2017. (Photos courtesy of John Harrington)



RESIST FIGHT

Bulletins

Going Paperless

In an effort to minimize our impact on the environment, we offer a “paperless” option to receive our quarterly reports, newsletters, and other communication as appropriate. Please let us know if you would like to transition to digital deliveries.

Thank you to those of you who already use this service.

“What the H?!”

By John C. Harrington

For over forty years, beginning with South Africa and the Vietnam conflict, John Harrington, and later, Harrington Investments (HII), has been able to voice opposition to apartheid, human rights abuses, war and weapons manufacturers, at shareholder meetings, often filing resolutions as the only legal means to raise serious policy issues on corporate social injury.

In 2017, following the election of Donald J. Trump and Republican majorities in both houses of Congress, corporations, represented by the Chamber of Commerce and Business Roundtable, are attempting to virtually eliminate shareholder or stakeholder rights to introduce resolutions to challenge corporate managements’ violation of human rights, protect the environment on climate change and prevent corporate crime or governance abuse by self-nominated and excessively compensated CEOs and directors.

HII has joined other stakeholders nationally to argue in Congress and before the SEC to maintain the capability to continue to confront egregious corporate conduct and social injury. We will continue to socially screen investment portfolios, engage in shareholder advocacy, vote stock proxies and invest to maximize financial and social performance for our clients. If we lose the right as a small owner of stock to raise serious policy objections to corporate abuse, we reserve the right to use other means to challenge corporate management as stakeholders.

For more information on the Republican Financial CHOICE Act (H.R. 10), please visit our [website*](#), which includes the full article by John.

*<http://www.harringtoninvestments.com/wp-content/uploads/2017/05/The-Financial-CHOICE-Act-H.R.10-1.pdf>

*“When you practice gratefulness, there is a sense of respect toward others.”
— Dalai Lama*

THE HARRINGTON INVESTMENTS WEBSITE

The Harrington Investments, Inc. website has undergone a major transformation in the past year and a half. We will be continuing to update and enhance the content in an ongoing effort to provide you with the most comprehensive, current information on our shareholder advocacy efforts, media mentions, compliance and other important topics. We hope to add several features in the near future, including a link to Schwab/Orion client portals, surveys for clients, and a comprehensive list of HII shareholder resolutions. Please take a moment to check it out – we would love your input!

www.harringtoninvestments.com

HII has joined the Business Alliance for a Healthy California

Single-payer national health insurance is a system in which a single public or quasi-public agency organizes health financing, but delivery of care remains largely private. Currently, the U.S. health care system is outrageously expensive, yet inadequate. Despite spending more than twice as much as the rest of the industrialized nations (\$8,160 per capita), the U.S. performs poorly in comparison on major health indicators such as life expectancy, infant mortality and immunization rates. Moreover, the other advanced nations provide comprehensive coverage to their entire populations, while the U.S. leaves 51 million completely uninsured and millions more inadequately covered.

The reason we spend more and get less than the rest of the world is because we have a patchwork system of for-profit payers. If we can't obtain a national single-payer healthcare system, we hope to create one in California (S.B. 562).

For more information, consult <https://www.ba4hcal.org/>.

"When
injustice
becomes
law,
resistance
becomes
duty."

~ Thomas
Jefferson

Company Spotlight

BY JEFF FIELD

Ormat Technologies Inc.

When Harrington Investments decided to transition all portfolios to carbon-free, we had to decide how to represent the Energy sector. This was troublesome given that the majority of large energy companies are involved in the extraction of carbon based resources. Our decision was to create an "Energy Transformation" sector consisting of those companies leading us to a more sustainable energy future.

Ormat Technologies Inc. is one of those companies in which we invest. The company designs, develops, builds, owns and operates geothermal and recovered energy-based power plants. Ormat is the second largest geothermal power producer in the U.S. and has supplied over 2,200 MW of renewable power. Geothermal power is generated by drilling wells into reservoirs of pressurized hot water and using the steam and high-pressure hot water to drive turbines in power plants. The cooled water is then injected back into the reservoir. Recovered energy involves producing electricity from waste heat sources that were the by-product of industrial processes and requires no additional fuel and generates no emissions.

An administration in denial about climate change can't change the basic economics of energy; geothermal is cheaper than carbon based electricity according to the U.S. Energy Information Administration and its usage is expanding. The global geothermal market is at about 13.3 GW of operating capacity and expected to expand to 18.4 GW by 2021 and could reach 32 GW by the early 2030s.

Ormat is a leader in this industry and we expect them to benefit from the growth in the industry. We also prefer to see capital being put to use further developing this technology rather than being invested in the stranded assets of traditional fossil fuel based energy companies.

Office Updates

Jeff:

In March, Jeff and his wife welcomed their second child, another boy!



Mother and baby are doing well and big brother is adjusting to his new role. Two weeks after the birth, fueled with no sleep and whole lot of coffee, Jeff passed the CFP® Exam. Also meeting the other criteria, he earned his CERTIFIED FINANCIAL PLANNER™ certification and is pleased to now be

able to assist HII clients with their financial planning needs.

Brianna:

In April, the Harrington family (John, Diana, Brenna & Brianna), plus two, very special companions (Matthew and Robert), traveled to New Orleans, Louisiana. They spent 5 humid days exploring the Crescent City, from historic cemeteries to a steamboat tour of the Mississippi River.



Those of you who have been with HII for a while will be delighted to hear they visited the awe-inspiring new home of Monica Nelson and her partner Reque, and received red-carpet treatment out and about the Big Easy courtesy of the former HII employee.

Tracy:

Having also caught the travel bug, Tracy and her kids took a whirl by train through Europe in April! London, Strasbourg, Innsbruck, Venice, Rome, and Paris. The food was amazing, the weather perfect, and the kids – despite being 16, 14, and 11 in very close quarters for “family time” for two solid weeks – they were amazing, too (except for the incident in the Louvre).

Back at home, Tracy is happy for Harley season and a warm swimming pool. In the office she is dutifully updating the formerly 37- and now 58-point Cybersecurity Plan for the office, as well as enjoying all the features of the Orion asset management platform.



Holly:

Holly's new year started out on a very exciting note. After a couple of years helping with fund raising, she traveled to London with 65 students and chaperones from the Vintage High School Marching Band, where they performed in the London New Year's Day Parade and Music Festival. This special invitation from a former Lord Mayor of Westminster, is quite an honor for the school and the program. People from all over the world participate. The week-long trip also offered lots of sightseeing in and around London. Some of the highlights – seeing the Crown Jewels and straddling the Prime Meridian in Greenwich.



Back at home and after months of remodeling, Holly is looking forward to settling in and taking more time for a few of her favorite things. (Sing-a-long? LOL). Holly continues to enjoy her work and most of all talking

with and getting to know our clients better.

John:

John and Diana Harrington in March traveled to San Miguel de Allende and Guanajuato, Mexico on an art trip sponsored by di Rosa Art Preserve in Napa, California (<http://www.dirosa.art.org/>).

Several photos of the cities visited are in the photo gallery on John's bio page of our website (<http://www.harringtoninvestments.com/about-us/john-harrington/>).

FOR INDIVIDUAL BIOGRAPHIES ON JOHN AND THE HII STAFF, PLEASE VISIT OUR WEBSITE*

WWW.HARRINGTONINVESTMENTS.COM/ABOUT-US/