

## Example 1: Apple

### Sustainable Investment Scorecard - Corporate

Use this form to rate firms based on financial strength and a commitment to social responsibility  
All information can be found in the links provided, on company websites and in annual reports

#### Regarding AB 1887 (Travel Ban)

SCVWD generally will not invest in any municipal, state, or corporate entity located in any state named by the CA Attorney General as subject to the state-funded travel ban outlined in AB 1887  
Currently prohibited states include:

Alabama

North Carolina

Company:

Apple

Kansas

South Dakota

Headquartered in:

California

Kentucky

Tennessee

Status:

OK

Mississippi

Texas

List can be found at <https://oag.ca.gov/ab1887>

#### Section 1 - Qualitative

Points Possible Points Awarded

If firm is located in:

San Jose-San Francisco MSA

2

California

1

Outside CA

0

2

Employee Satisfaction

[Fortune best 100 companies to work for](#)

1

0

[Glassdoor reviews average score](#)

3.9 to 5.0

3

3.5 to 3.8

2

3.0 to 3.4

1

2.6 to 2.9

0

0.0 to 2.5

-1

3

Environment

[Newsweek Green Company Rankings \(World\)](#)

0 to 50

3

51 to 100

2

101 to 250

1

251 to 500

0

Not on List

-1

3

Commitments

Use below criteria in conjunction with check boxes to determine score

8 to 10

3

6 to 7

2

4 to 5

1

2 to 3

0

0 to 1

-1

Emissions Reduction

☒

Ethics & Legal Compliance

☐

Equal Pay & Fair Wages

☒

Resource Management

☐

Human Rights

☒

Responsible Labor Practices

☐

Workplace Diversity

☒

Transparency & Accountability

☒

Sustainable Sourcing

☒

Community Investment

☒

2

Section 1 Total

10

**Section 2 - Quantitative**

2016 Ratio YOY Inc./Dec. Points Awarded

*Firm can receive up to 3 points per section, as reviewed and affirmed by Investment Committee***Solvency/Liquidity**

Debt to Equity

1.51

Increase

Current Ratio

1.35

Increase

Interest Coverage

35.77

Decrease

3

**Profitability**

EBITDA/TA

19%

Decrease

Return on Revenue

21%

Decrease

Return on Equity

36%

Decrease

2

**Valuation**

MV/TA

1.88

Decrease

P/E

13.26

Increase

P/B

4.72

Decrease

2

**Bond Ratings**

SCVWD typically does not invest in any security receiving a rating of less than AA/Aa2

Per policy the minimum requirement for investment is AA- from 2/3 agencies

Moody's

Aa1

AAA/Aaa receives 3 points

Fitch

None

AA+/Aa1 receives 2 points

S&amp;P

AA+

AA/Aa2 receives 1 point

2

**Section 2 Total**

9

**Total Score**

Recommend Investment if score &gt; 12

**19/24****Analyst Comments**

Apple has 4.0 glassdoor ranking and is on glassdoor's best employers list

Apple ranked #26 on Newsweek Green Company rankings

Apple is a leader in corporate social responsibility and has voiced strong support for the indicated CSR issues

Although Apple has expressed support for fair labor practices, it should not receive a mark due to well known SCM and foreign labor issues

Increasing D/E is not a concern. Apple has been issuing debt because is it cheaper to borrow and Current Ratio is increasing and while interest coverage is decreasing it is still incredibly strong

Roughly 40% of Apple's value is in cash. Liquidity and solvency are non-issues

Though Return on Revenue and EBITDA/TA decreased slightly from 2015 to 2016, the ratios indicate that the company still effectively utilizes assets to generate profits

2016 was Apple's first year of declining profits since 2001. Sales decreased due to stagnant design and increased competition. Firm is still extremely profitable

Although Apple experienced negative growth in 2016, fundamentals are still strong

P/E is increasing and reflects a reasonable valuation (p/e &lt; 20)

## Example #2: Wells Fargo

### Sustainable Investment Scorecard - Corporate

Use this form to rate firms based on financial strength and a commitment to social responsibility

All information can be found in the links provided, on company websites and in annual reports

#### Regarding AB 1887 (Travel Ban)

SCVWD generally will not invest in any municipal, state, or corporate entity located in any state named by the CA Attorney General as subject to the state-funded travel ban outlined in AB 1887

Currently prohibited states include:

Alabama

North Carolina

Company:

Wells

Kansas

South Dakota

Headquartered in:

California

Kentucky

Tennessee

Status:

OK

Mississippi

Texas

List can be found at <https://oag.ca.gov/ab1887>

#### Section 1 - Qualitative

Points Possible Points Awarded

If firm is located in:

San Jose-San Francisco MSA

2

California

1

Outside CA

0

2

Employee Satisfaction

[Fortune best 100 companies to work for](#)

1

0

[Glassdoor reviews average score](#)

3.9 to 5.0

3

3.5 to 3.8

2

3.0 to 3.4

1

2.6 to 2.9

0

0.0 to 2.5

-1

2

Environment

[Newsweek Green Company Rankings \(World\)](#)

0 to 50

3

51 to 100

2

101 to 250

1

251 to 500

0

Not on List

-1

0

Commitments

Use below criteria in conjunction with check boxes to determine score

8 to 10

3

6 to 7

2

4 to 5

1

2 to 3

0

0 to 1

-1

Emissions Reduction ☒

Ethics & Legal Compliance ☐

Equal Pay & Fair Wages ☒

Resource Management ☐

Human Rights ☐

Responsible Labor Practices ☒

Workplace Diversity ☒

Transparency & Accountability ☐

Sustainable Sourcing ☒

Community Investment ☐

1

Section 1 Total

5

**Section 2 - Quantitative**

2016 Ratio YOY Inc./Dec. Points Awarded

*Firm can receive up to 3 points per section, as reviewed and affirmed by Investment Committee***Solvency/Liquidity**

Debt to Equity

9.81

Increase

Current Ratio

0.73

Increase

Interest Coverage

6.41

Decrease

2

**Profitability**

EBITDA/TA

2%

Decrease

Return on Revenue

25%

Decrease

Return on Equity

13%

Decrease

2

**Valuation**

MV/TA

0.15

Increase

P/E

12.62

Increase

P/B

1.59

Increase

2

**Bond Ratings**

SCVWD typically does not invest in any security receiving a rating of less than AA/Aa2

Per policy the minimum requirement for investment is AA- from 2/3 agencies

Moody's

Aa2

AAA/Aaa receives 3 points

Fitch

0

AA+/Aa1 receives 2 points

S&amp;P

AA-

AA/Aa2 receives 1 point

1

**Section 2 Total**

7

**Total Score**

Recommend Investment if score &gt; 12

**12/24****Analyst Comments**

Not on list

Glassdoor score 3.5

Green company ranking = 283

Wells Fargo has voiced a commitment to workplace issues such as equal pay and diversity

WF has been plagued by a string of scandals including the fraudulent accounts scandal

Firm is not at all transparent. Much of the activity firm was/is engaged in was only reported due to whistleblowing and dogged reporting

Although the ratios appear unfavorable, they are standard for depository institutions

Firm receives high marks from HRC; strong support for LGBT issues

They actually fare better than other banks and managed to increase their current ratio

The firm is not making an efficient use of assets

Though the metrics are decreasing the firm still shows strong ROR and ROE

Values signal a good buy but again a lack of asset efficiency

This may be a good value investment, but investing while litigation is pending is risky

Has been targeted by activist investors for pay gaps/disparities

### Example #3: Texas A&M University

#### Sustainable Investment Scorecard - Municipal

Use this form to rate entities based on financial strength and a commitment to social responsibility  
Information can be found using the links provided, on company websites and in annual reports

##### Regarding AB 1887 (Travel Ban)

SCVWD generally will not invest in any municipal, state, or corporate entity located in any state named by the CA Attorney General as subject to the state-funded travel ban outlined in AB 1887

Currently prohibited states include:

Alabama

Kansas

Kentucky

Mississippi

North Carolina

South Dakota

Tennessee

Texas

Entity:

Located in:

Status:

Texas A&M

Texas

Do Not Invest

List can be found at:

<https://oag.ca.gov/ab1887>

##### Section 1 - Qualitative

If entity is located in:

San Jose-San Francisco MSA

California

Outside CA

Points possible

Points Awarded

2

1

0

0

Stated commitment to:

Diversity

Emissions

Healthy Lifestyles

Community Outreach

Information Security

Transparency/Accountability

1

1

1

1

1

1

0

1

1

1

1

0

Pending litigation?

If outcome is:

Favorable

Unknown

Unfavorable

1

0

-1

-1

##### Section 1 Total

3

##### Section 2 - Quantitative

OPEB contribution:

32%

If contribution is:

81-100%

61-80%

41-60%

21-40%

0-20%

Points possible

Points Awarded

3

2

1

0

-1

0

Pension Funded Ratio

78.4%

If funding level is:

81-100%

61-80%

41-60%

21-40%

0-20%

2

1

0

-1

-2

1

<u>Liquidity</u>			
Debt Ratio	0.54	1	1
Debt Coverage	1.00	1	0
Current Ratio	1.55	1	1
Credit Rating:	AAA	3	3
AAA gets 3 points			
AA+ gets 2 points			
AA gets 1 point			
<u>Earnings</u>			
Spread	0.291%		
Interest Difference	\$ 40,865.76	2	2
<b>Section 1 Total</b>			<b>8</b>
<b>Total Score</b>			<b>11/22</b>
Recommend investment if score > 11			

#### Analyst Comments

Have diversity plan but chose not to use affirmative action in admissions

Have undertaken study of agricultural emissions reduction

Launched OneHealth Initiative and Healthy South Texas

Have dedicated Office of community outreach; host youth job fairs and training sessions

University itself is transparent in finances and governance

However, many student organizations and sports teams have faced scrutiny for opacity

Currently in the midst of Title IX lawsuit; Was recently defendant in trial with LSU over athletic coach

OPEB contribution could be higher but pension funded ratio is strong

Debt and Current ratios are strong; Debt coverage is ok but has declined YOY

Strong credit rating and spread over comparable treasury