



# 2024 IMPACT REPORT

INVEST LIKE YOU GIVE A DAMN.



**HORIZONS**  
SUSTAINABLE  
FINANCIAL  
SERVICES

# WELCOME

TO OUR INAUGURAL IMPACT REPORT



It is my great pleasure both to introduce our inaugural Impact Report, and to thank you all for your continued support of our work. Horizons would not be able to do the kind of groundbreaking work that we do without continued support from our clients, our partners, and the collaborative members of the industry that enable us to do what we do.

Since refiling Horizons as a New Mexico Benefit Corporation under the state's corporate registration laws earlier this year, we have reaffirmed our mission to socially responsible financial investment by ensuring our business matches our interests. We are firm believers that where our money is invested should reflect our values, and want to ensure that our practices are aligned with that objective. We are working towards a certification for our role as a benefit corporation, which will push that goal even further.

Real-world impact is more important than ever, with even the smallest human action having devastating rippling effects on global democracy, environmental and ecological concerns, and the lives of people around the world. Though we've been shocked by the Supreme Court's recent ruling on presidential immunity, which sets a dangerous precedent for governmental accountability, it came along with (and overshadowed) the landmark overturning of regulatory protections, including *Chevron v NRDC*: a widely cited environmental protection decision.

But this will not shake our conviction in what we do: our responsibility remains absolutely clear in the face of retrograde policy changes, as it has before. Our dedication to socially responsible investing, and the tangible impact that our shareholder advocacy and community investment can have is on full display. I hope that this report demonstrates that. There is still a very bright future ahead of us, despite policy setbacks.



Johann Klaassen  
CEO, Horizons Sustainable Financial Services





# CONTENTS

Who We Are	1
Impact At-A-Glance	4
Shareholder Advocacy	10
Community Investment	16
Future Impact	20

# WHO WE ARE



Horizons is a New Mexico based investment firm that specializes in personalized service that takes into account your values, lifestyle, goals, and current financial situation. Our clients range from experienced investors to newcomers to the world of finance, those who seek to expand an existing portfolio, young people just starting out, people looking to manage a recent inheritance or plan for retirement—anyone seeking to support SRI principles as a way of aligning their finances with their values.

Unlike some large investment houses that include SRI as a smaller, less important offshoot of their overall business, Horizons maintains SRI as our exclusive focus, and pursues SRI values in our overall business practices as well as in our personal lifestyle choices.

We are Sustainable, Responsible, Impact (SRI) investment advisors, with a core commitment to building a sustainable and socially just world through sound investment practices. A vital part of the service we offer to our clients is making sure that their investments match up with their values — that the environmental, social, and corporate governance issues which are most important to them are reflected in the securities in their portfolio. In order to do that, of course, we need to know what those key issues actually are. We will not tell clients what principles they ought to endorse, or what moral commitments they ought to make — but we trust that we will be able to work with the vast majority of the investors who seek us out. To this end, we will use as many of the three key SRI processes as we can for each of our clients.

## **Screening**

Most people who talk about SRI think first of “negative screening” – keeping shares of companies involved in tobacco, alcohol, and firearms (for example) out of their portfolios. This is an important part of SRI, but it’s only the first step. The next step is “positive screening” – seeking out those publicly traded companies which are involved in industries that are likely to have a positive impact, and to help create a sustainable economy in the future.

## **Advocacy**

But screening alone can’t really make a company change its fundamental business strategies. Sometimes, our clients will own the shares of companies that might offend against their moral values, in order to use their rights as shareholders to change the company’s behavior. Thanks to our clients’ invested assets, we have the opportunity to vote through an online proxy at corporate shareholder meetings which helps us to influence business practices. This kind of “shareholder advocacy” is an incredibly powerful tool for changing the behavior of corporate America.

## **Community**

It is possible to invest more directly in the lives of individuals and their communities. Through the mechanisms of “community investments” or “micro-credit”, we can help provide capital to areas that have difficulty attracting funds from traditional sources. Within the United States and around the world, the loan funds provided by socially-conscious investors help individuals and communities to build vibrant local economies.



## Our Screening Process

The mutual funds and portfolio managers we use to build our client portfolios all start with a similar set of baseline issues, which we call “comprehensive social screens”: they tend to exclude companies with a significant portion of their revenues derived from alcohol, gambling, tobacco, military weapons, civilian firearms, nuclear power, adult entertainment, and genetically modified organisms (GMOs). These managers also tend to use shareholder advocacy techniques to help those companies which pass these basic screens, but have other deficiencies, to improve.

For many of our clients, knowing that these core SRI issues are being addressed in their portfolios is sufficient to address their concerns. Some of our other clients, however, want to venture beyond these basic issues. We have therefore created some variations on our core models. For those clients who want somewhat more stringent screening and advocacy on environmental sustainability and social justice issues, we have created a set of models which strive for a higher degree of positive impact, which we can tailor for each of our clients as their financial values evolve. For those who want to express their faith-based values in their portfolio, we have created a set of models which feature portfolios inspired by religious values. And for those who want to make sure that they have no exposure at all to climate-changing fossil fuels, we have created a set of “Zero Carbon Energy” models. Because of the differences in their holdings, accounts invested in each of these variations will have slightly different short-term portfolio performance – but over a longer time frame, we expect that this variation will disappear.

# IMPACT AT-A-GLANCE<sup>1</sup>

## Climate Impact

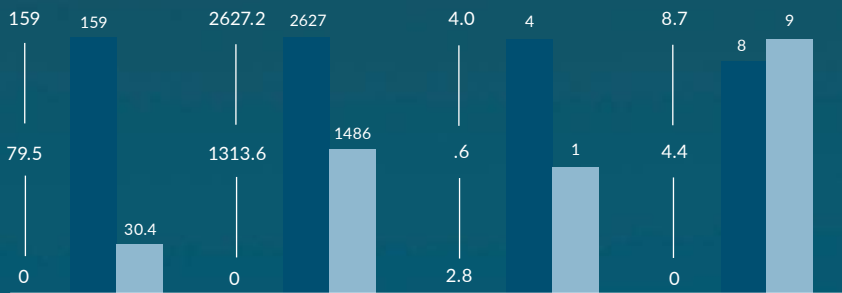
The past 10 years have been the hottest on record in the history of the world, with 2023 being the hottest year ever recorded since global average temperature began to be recorded in 1880.<sup>2</sup> The cost of rising global temperatures is starker than just deteriorating polar ice caps or depletion of endangered species habitats. On our current trajectory, without radical effort to restructure away from the volume of carbon emissions we currently see, we could expect more extreme storms, wildfires, and the release of methane trapped in arctic permafrost, all of which feeds into a positive feedback loop which exacerbates the problem. A report from the CDP in 2017 stated that “100 active fossil fuel producers including ExxonMobil, Shell, BHP Billiton and Gazprom are linked to 71% of industrial greenhouse gas emissions since 1988”.<sup>3</sup>

Our core impact portfolio consistently scores higher than the Vanguard Total World Stock ETF (a non-screened sample fund for comparison) on key metrics, such as 82% fewer total carbon emissions and a 44% reduction in carbon intensity. One of the many equity funds in which our client assets are invested is the Green Century Equity Fund, which helped to encourage the Chevron Corporation to withdraw from arctic drilling in June of 2022. “Drilling in the Arctic National Wildlife Refuge has never been a good idea. It would be catastrophic for polar bears and caribou, damaging to our climate, and bad for the bottom line,” said Green Century President Leslie Samuelrich. “We’re glad to see that Chevron has finally acknowledged this reality and abandoned any plans for oil exploration and development in this national treasure.”

<sup>1</sup> All impact data produced in collaboration with Ethos ESG

<sup>2</sup> [Global Temperature Vital Signs \(climate.nasa.gov\)](https://climate.nasa.gov)

<sup>3</sup> [CDP Emissions Report \(cdp.net\)](https://cdp.net)



**Carbon Emissions  
M Metric Tons**

GHC/CO2 equivalent (CO2e) Scope 1, 2, and 3 emissions, net of emissions offset by company products. Indicates total carbon footprint.

**Carbon Intensity  
Tons / \$1M Revenue**

GHC/CO2 equivalent (CO2e) Scope 1, 2, and 3 emissions per \$1M USD revenue. Indicates carbon footprint in relation to size (based on revenue).


**Emission Change  
% Annual Change**

Annual percentage change in absolute equivalent (CO2e) Scope 1 and 2 emissions indicated extent of reduction (or increase) in emissions over time.

**Climate Solutions  
% of Holdings**

Whether company offers a "climate solution" product or service as part of its primary business model.





	Carbon Emissions M metric tons	Carbon Intensity tons / \$1M rev	Emissions Change % annual change	Climate Solutions % of holdings
Vanguard Total World Stock ETF	159.0	2627.2	4.0%	8.0%
Horizons Core Equity Model	30.4	1485.5	0.6%	8.7%



## Reduced Waste

Worldwide material consumption has expanded rapidly, as has material footprint per capita. In 1990 approximately 8 tons of natural resources were used to satisfy a person's need, while in 2015 almost 12 tons of resources were extracted per person. Urgent action is needed to reduce waste and encourage mainstream sustainability practices across all sectors of the economy. Corporations can lead in several ways, including their internal waste reduction (both waste they produce directly through operations, such as industrial waste, and waste created by their physical footprint and employees), engagement with supply chain partners on waste, and public commitments to responsible use of natural resources, and transparent reporting on progress. From a glance at our core portfolio, our investments aid in the prevention of 1,860 tons of waste, among other invaluable impacts for the global environment.

Plastic is a cheap and versatile material, which has seen an approximate 225% increase in production over the last 70 years. Of the 450 million tons of plastic which is produced worldwide,<sup>4</sup> one to two million tons of mismanaged waste plastic will wind up in Earth's oceans. Given the impact on long-term shareholder value (such as potential reputational risk related to waste management and increasing customer demand for recyclable packaging), we appreciate when companies who produce or rely heavily on plastics in their products or operations disclose information on how waste is managed. Amazon.com, Inc.'s (Amazon) had a shareholder proposal on the agenda for their May 2022 AGM that asked the board to issue a report "describing how the company could reduce its plastics use." In December 2022, Amazon published an update to their packaging reduction strategy, detailing efforts to reduce and replace plastic packaging, among other initiatives.<sup>5</sup>

# 1,860

## tons of waste avoided

<sup>4</sup> [Plastic Pollution – Our World in Data \(ourworldindata.org\)](https://ourworldindata.org/plastic-pollution)

<sup>5</sup> [BlackRock Annual Stewardship Report 2022 \(sustainability.aboutamazon.com\)](https://sustainability.aboutamazon.com/blackrock-annual-stewardship-report-2022)

## Sustainable Use of Natural Resources

Worldwide material consumption reached 92 billion tons in 2017, up more than 250% from 27 billion in 1970. The rate of natural resource extraction has accelerated every year since 2000. Urgent action is needed to ensure that current material needs do not lead to overextraction or further degradation of environmental resources. Corporations play a central role in this effort, including through their direct extraction of natural resources (if they are in a natural resource industry), use of natural resources in their internal operations and across their supply chain, and development and adoption of alternatives to high-extraction natural resources (such as alternative fuels).

To curb climate change, prevent loss of habitat for endangered species, and mitigate potential financial risks for investors, our friends at Green Century are working to reduce deforestation caused by the unsustainable production of palm oil, soy, cattle, timber, and rubber in Asia, Latin America, and Africa. In addition to other successes, our efforts helped secure a zero-deforestation commitment from Wilmar International, the world's largest palm oil trader, which will avoid 1.5 gigatons of carbon pollution between 2015 and 2020.

# Zero-deforestation commitment

# SHAREHOLDER ADVOCACY

## How has Horizons voted to change corporate behaviors on behalf of our clients?

Horizons engages with some problematic companies on behalf of our clients (the sort of companies we wouldn't ordinarily want to see in our portfolios) in order to help improve the companies' behavior in certain key areas. Though our clients don't own many shares of these companies, we hold a few of them so we can engage in shareholder advocacy on their behalf.

We took a close look at our dashboard at Iconik, a third-party tool through which we manage shareholder proxy voting. At the time of writing, we had made 416 votes for independent board leadership, 668 votes against excessive executive compensation, and 526 votes for board diversity — and a plethora of other votes on social, ethical, and environmental issues. Take look at some of our recent big wins on the next few pages!

## **Environmental: ExxonMobil**

Exxon Mobil is one of the country's most egregious polluters, having released 111 million tons of carbon dioxide in 2023 alone, among a wide range of other environmental harms they have caused. Though they claim to lead the industry in carbon capture efforts, in 2019 they only managed to recapture less than 9% of their total carbon dioxide output. Furthermore, ExxonMobil has not set a company-wide net-zero emissions target consistent with the Paris Agreement temperature goals. The company's 2025 targets have been rejected for falling far short of the Paris goals and woefully inadequate for ignoring most of its climate impacts in the form of its Scope 3 emissions, as well as not presenting any satisfactory plans for swift and decisive climate action.

At a shareholder meeting on April 2nd, 2024, we voted with a 98% majority to defeat a motion for Exxon Mobil's Compensation Committee of the Board of Directors, preventing them from revisiting incentive guidelines for executive pay. This would also have enabled them to consider eliminating greenhouse gas reduction targets, among other scientifically and environmentally dubious goals from compensation inducement.

# **ExxonMobil**

**2025 targets have been  
rejected for falling far short  
of Paris goals**



## Environmental: General Electric

General Electric manufactures everything from washing machines, aircraft engines, wind turbines both on and offshore, and MRI machines. As of 2022, 30% of the world's electricity is generated with the help of GE technology, and 3 out of 4 of all commercial flights are powered by GE or partner engines. After a checkered history of polluting the Hudson River from 1947 to 1977, and their history of military contracting, their 2022 Sustainability Report announced several projects in countries around the world to move away from carbon-intensive energy systems.

One of the most important parts of keeping corporations and institutions accountable is to encourage corporate transparency, which General Electric cited as a key value moving forward in the same Sustainability Report. As shareholders, however, we have the responsibility to ensure that they adhere to this plan. In order to keep them on the straight and narrow, we voted in General Electric's March 10th meeting, helping to defeat a proposal from the National Center for Public Policy Research which would have prevented General Electric from producing a report analyzing the risks of voluntary carbon-reduction commitments.



**Announces projects  
moving away from  
carbon  
intensive  
energy**

## Social Justice: Tesla

Tesla is a leading light in the manufacturing of solar panels, electric vehicles, and sustainable energy systems industries. Though we invest a fair amount of our client assets in Tesla, we recognize the governance problems which have been in the news concerning the working conditions of Tesla and aim to combat them to make them a safe environment for all workers.

At a board meeting on April 14th, 2024, we were among those who voted for Tesla's board of directors to reorganize into a single class of executives which would be elected annually. Annual elections are widely viewed as a corporate governance best practice to make directors more accountable, thereby contributing to improved performance and increased company value. Since directors in a declassified board are elected and evaluated each year, declassification promotes responsiveness to shareholder demands and pressures directors to perform to retain their seats. Declassified boards are more likely to be diverse in nature and increase accountability and responsiveness to shareholders. According to Equilar, "A classified board creates concern among shareholders because poorly performing directors may benefit from an electoral reprieve. Moreover, a fraternal atmosphere may form from a staggered board that favors the interests of management above those of shareholders. Since directors in a declassified board are elected and evaluated each year, declassification promotes responsiveness to shareholder demands and pressures directors to perform to retain their seat."

**Voted to reorganize into a single class of executives which would be elected annually**

## Corporate Governance: Tesla

At the same meeting, we voted for a resolution which directed Tesla's board to change the way they count shareholder votes. As at many other corporations, a majority of all shares was required to pass most shareholder resolutions – which means that all the shares not voted count as if they are votes against, an anti-democratic approach that makes passing shareholder resolutions much harder.

The resolution we supported asked Tesla to change their policy to require only a majority of votes actually cast, wherever the law would allow. We believe that this would be best practice for all publicly-traded corporations, because it improves shareholder's rights and increases shareholder democracy. The measure passed, with a slim majority of all shares – we will have to wait and see whether Tesla's management acts on their shareholders' recommendation.



# COMMUNITY INVESTMENT STORIES OF IMPACT

The most direct impact we're able to make in the lives of individual people is by investing some of our clients' assets in Community Development investments, through the offerings from our friends at Community Capital Management, Capital Impact Partners, and Calvert Impact Capital, among others. These investments provide resources to entrepreneurs, impact-oriented businesses, and non-profits on the ground looking for capital with which they can make their communities better places. It isn't easy to quantify total impact with numbers or data, which is why our best metrics for impact are the real stories of people and communities whose lives have been changed by the projects we're able to help fund.

# Casamira Apartments

Detroit, Michigan<sup>7</sup>

In 2013, Casamira Apartments, a historic art-deco apartment building in Detroit's north end, became the passion project of Lisa Johanon, a co-founder of the Central Detroit Christian Community Development Corporation. Founded in 1993 by a group of Detroit pastors who all identified the necessity of a united effort to improve the lives of those in neighborhoods of the city, this was the first time they had been tasked with a renovation project rather than a from-the-ground-up approach to previous affordable housing projects. Although CDC had worked on small housing projects prior to the apartment building being donated to them in 2013 out of probate court, the four-story, 42,200-square-foot property was by far the largest project the organization had ever taken on. Johanon knew that despite the exquisite beauty of the historic structure, which was built in 1925, it would be an immense challenge for her and her organization to secure the funding needed for its restoration.

Capital Impact Partners provided a \$3.8 million construction loan, which singlehandedly made up 27% of the total construction budget. "The result created 29 new market-rate and 15 affordable apartments available to the community, which is critical for a city where housing inequality is stark."

**42,200 sq. ft.**  
**creating 29 new market-rate**  
**and 15 affordable apartments**

<sup>7</sup>[2020 Housing Strategy Story - Capital Impact Partners \(capitalimpact.org\)](https://www.capitalimpact.org/2020-Housing-Strategy-Story)



## Eureka Recycling Minneapolis, Minnesota<sup>8</sup>

Eureka Recycling is a zero-waste nonprofit dedicated to waste prevention, a step beyond merely waste mitigation. Eureka Recycling is one of only four nonprofit recyclers with a Zero Waste mission in the US that provides curbside recycling collection service to residents. From the 400-ton daily pile of recycling collected and sorted at their MRF (Material Recovery Facility) every day, Eureka looks “upstream” at how products and packaging could be redesigned to be more resource-efficient, made from recycled content, recovered more easily, reused, or simply eliminated. After accepting a new set of 5-year contracts with the cities of Minneapolis and St. Paul, Eureka was required to haul and process 50% more recycled material than they had been processing in 2016. To fulfill these contracts, they needed a new fleet of trucks and to make a substantial upfront investment in their MRF to upgrade their single stream recycling system and improve its sorting capacity. To finance these upgrades, Eureka turned to RSF Social Finance.

Through Calvert’s Community Investment Note, not only were they able to purchase a new fleet of trucks, but they were also able to expand Eureka’s MRF to meet the demands placed on them by the expanded contracts across the Twin Cities. Today, Eureka’s MRF is the 40th largest recycling facility in the country, processing 110,000 tons of material annually.

# 110,000 tons of material annually

<sup>8</sup> [Success Story: Eureka Recycling | Calvert Impact \(calvertimpact.org\)](https://www.calvertimpact.org/success-story/eureka-recycling)

## Elizabeth Seton Pediatric Center Yonkers, NY<sup>9</sup>

Established in 1987 by the Sisters of Charity of New York as an affiliate program of the New York Foundling, the Elizabeth Seton Pediatric Center focused on providing specialized treatment to New York State's most medically complex children. At the time of its founding, this even included babies born with AIDS and the effects of neonatal addiction. With Community Capital Management's loan, they were able to accommodate an additional 32 ventilator-dependent children, and able to hire an additional 100+ employees for the on-site John A. Coleman School to educate their residents.

"Our school is tailored to the needs of our children, a place of teaching and Early Intervention that is regularly honored for its excellence. In our long-term medical center, children live in bright and colorful "neighborhoods," not units, with play, fun and social interaction built into each day. They have easy access to fresh air, playgrounds, gardens, art, music, a pool and even a space voyage room. They have traditions – from spring proms to holiday parties – to celebrate their role in the community. Our residents deserve to experience life as children. Our singular purpose is to help them to do that, with dignity."<sup>10</sup>

The Center has also been awarded a Leadership in Energy and Environmental Design Gold Certification for its building design and green initiative.

# 100+

## additional employees


<sup>9</sup> [Stories of Impact | Community Capital Management, LLC \(ccminvests.com\)](#)

<sup>10</sup> [About Us - Elizabeth Seton Children's \(setonchildrens.org\)](#)

# FUTURE IMPACT

We plan for this annual Impact Report to be the first of many. We fully expect that future iterations continue to show our ongoing commitment to Socially Responsible Investing. While there is no easy metric or clear data to turn to which measures total impact, impact is best represented by connecting the data back to concrete and relatable stories of impact. We see the concrete benefits of our work in things like our shareholder advocacy work, where influencing corporate policy can lead to more ethical and responsible corporate operation, to our stories of impact, where community investment funds are used for projects which benefit people in objective ways. Most of all, we hope this Impact Report goes beyond demonstrating the overall process of investment with Horizons Sustainable Financial Services and the many positive impacts that it may have, but even more so emphasizes that our central belief is in doing good with your money. Our mission remains clear: to provide our clients with investment advisement that uses their invested assets to reflect the positive change they wish to see in the world.





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