

Executive Council Committee on Corporate Social Responsibility

Minutes of the Meeting

May 21, 2020

Attending the meeting: Doug Fisher, Brian Grieves, Paul Neuhauser, Diane Pollard, Byron Rushing, Kirsten Spalding, John Taylor, Mark Goodman, and Janet Brown (IC liaison); from the staff, Kurt Barnes, Rebecca Blachly, Margareth Crosnier de Bellaistre, and Nancy Caparulo; consultants, Pat Zerega and Bill McKeown; from the Church Pension Group, Christopher Rowe .

Absent: Casey Clark.

Doug called the meeting to order with prayer at 3:03 PM EDT. The first part of the meeting was devoted to personal checking in. The roll was taken. The agenda was moved, seconded and approved as presented. The Minutes from January 8 were moved, seconded and accepted as presented.

2019-2020 Shareholder Season Update

Pat reviewed the update she had posted to the committee's Extranet page. She discussed some of the impacts from the COVID-19 virus. They have joined virtual corporate annual meetings by making statements, where possible, since they are not being held in person. American Outdoor Brands and Olin resolutions around gun safety were filed. Ameren talked about changes in their board committee structure. Delta announced plans to be carbon neutral in 10 years. Walmart was in dialogue after the mass shooting. Dicks Sporting Goods stopped selling hand guns although Congress has not responded to their attempts at changes in the gun laws. Noted: in the US there are 330 million guns in a population of 320 million people.

On human rights, Brian noted Heartland Initiative has joined us as a consultant. Sam Jones and Richard Stazinski joined the meeting from Heartland and gave an overview of the DFMS portfolio to see what companies we might be concerned about with regard to human rights. Their report was posted for the committee on the extranet.

Sam presented Heartland's preliminary findings after explaining the main thrust of the organization, that of identifying a company's exposure using a three-part proximity test: relational, geographical (is it in a conflict area), and operational. When they went through the chart, they prioritized actions. Heartland is pro-engagement rather than pro-divestment. After reviewing the holdings, Bank Leumi and DXC Technology are recommended to be added to the no-buy list since engagement is not feasible.. Both companies check all three areas of proximity to human rights harms in the Occupied Palestinian Territories. DXC Technology, one of the branches from the breakup of HP is a primary partner in an Israeli governmental agency. Two other companies were flagged for additional research; Pan Pacific International, a South Korean company on the UK/Burma "dirty list," and London Energy, a Swedish-based extractive company in Sudan. Pakistan is included in their analysis as well as other regimes on the Silk Road; all are being watched as well. The rise of liberal democracy will be a focus for their attention because of emerging authoritarian tendencies. There was mention of human rights violations against the Uighurs in the Xinjiang region of China. Shareholder handles will be investigated.

(Bhakti Mirchandani joined the meeting. Bhakti is the director for responsible investments at Trinity Wall Street and teaches at Columbia. She will serve as a resource for the committee for which we are grateful.)

The no-buy recommendations resulted in a discussion about the Church's approach. Brian noted the locations and ethical positions of the global Anglican Church and how we need to pay special attention to companies in those areas found in the DFMS portfolio. The Church has been active in Sudan for a long time and the committee is sensitive to that. We provide an annual grant to the Anglican Province in Sudan and have done for years. Sam said they would do additional research into the four companies mentioned.

Second category is the joint current engagements under way: Trip Advisor which TEC is the lead, and Bookings.com. We also monitor Facebook. Prioritized for possible new engagements are: Sysco, Heidelberg Cement, Siemens and HP Enterprises.

100 Shares List

Brian discussed the work that was done on the list earlier in the year. Companies like Apple might be engaged on issues other than the ones that were a historic focus. He wondered what the new issues might be with companies that have been on the list for a long time and suggested a small group get together to deal with a more in-depth review. Brian, Paul and Kirsten were suggested as possible members to zoom with Kurt to finish cleaning up this list.

SEC changes

Paul said the SEC hoped to update their rule changes by the end of May. They are attempting to greatly limit shareholder rights to address environmental, social and governance issues (ESG). CCSR has joined with ICCR and others in opposing the proposed changes. Rebecca shared that OGR has sent a letter supporting shareholder rights. If the present SEC is successful, Congress could undo their work next January, if there is a change in Congress.

Proxy Voting Guidelines

Kurt talked about the Proxy voting guidelines that were approved by EC in February. The list is on the finance office website. Thank you to Paul and Christopher for their hard work to update these guidelines.

75th CCSR Anniversary Planning for 2021

Diane was in touch with the Episcopal Church Foundation, who wants to be part of the celebration. The GCO indicated there should not be a problem with the money going through the GCO without an EC grant or additional line item. They will pay by invoice. This information was gathered prior to the pandemic. Everyone Diane asked about participation (Trinity Wall St, CPG, CPF, etc.) said they would like to participate. The videographer on board is Peter Swanson who will attempt in person interviews with people like Byron, Amy Domini, Tim Smith and the Presiding Bishop. TWS and CPG can also be interviewed. Skype interviews will be used if in person interviews prove impossible.

D068 update on broad ethical criteria and procedures

In Resolution D068, Convention had requested CCSR to develop, in consultation with others, and propose to Executive Council for review and adoption (a) criteria for the Church to use in deciding whether to engage with a company in the portfolio or to divest from the company and (b) procedures for the Church to follow in making such decisions. Bill noted that throughout its history CCSR had acted on such questions on a case by case basis without setting general criteria and without adopting a process.

Bill had distributed a proposal in writing before the meeting that was intended to be responsive to Convention and consistent with CCSR's history and experience. The recent work by CCSR with Executive Council to develop criteria for handling human rights concerns in investments provided a model. In adopting human rights criteria for one case, Executive Council had provided for additional human rights issues to be addressed and additional criteria to be developed consistent with the criteria for that case. Under the proposal CCSR would follow a similar approach, working on a case by case basis with issues and across issues to develop similar criteria for decision making.

If the committee agreed with the proposal, a small group should proceed with it. The logical people would be Bill, Casey and one or more other committee members. Staffing and funding would be required. Kirsten expressed her appreciation of the Heartland work and the need for similar expertise on climate issues. Brian cited the divestment policy for fossil fuels as another example to consider under D068. Human rights and creation care are broad areas for consideration, but other areas such as governance issues and board diversity would be included. Kirsten and John both volunteered to serve on the subcommittee. This is a long term project which may be referenced in the Blue Book but not completed in this triennium. The proposal was directed to be filed with the minutes.

Blue Book Report

Brian spoke with Michael Barlowe. December likely will be the due date for the report. The guidelines will be provided in sufficient time. Brian's concern is how to build and make sure there is a stable budget that allows the committee's work to continue. The budget request is done through the BB report. Brian will help with the report and asked for volunteers to work on it as well. Establishing a budget request will be difficult owing to the pandemic. Diane will ask FIN. Is there a current budget line item? We asked for money for the video. Money for Mercy is in the budget and the Heartland costs were approved by EC. The financial needs of this committee need to be established by September. Adding issues to the agenda requires added time and money. This committee might be more engaged with the mission side of the ECC, especially OGR. The relationship with OGR is formalized through Rebecca's presence with the committee as OGR's work intersects with CCSR's work on many issues.

Bhakti is coordinating a meeting and would like to share the story of this group as Trinity plans its work.

Rebecca would like to participate in the small group. Doug will get a group together in the next month. Others will be chosen for the BB report.

Church Pension Fund

Christopher said business is very productive and is pretty much business as usual in the midst of the pandemic. Investment activity is brisk and pensions have not been affected. Events around the country have been canceled and those events are being done virtually. June 25 is the next one. Content will focus on the ESG landscape and panel discussion on shareholder engagement.

Rebecca's work at OGR has a major focus on systemic racism. They are working on issues regarding the election, the census, a physically safe election for voting, food assistance and food insecurity.

The note taker was unceremoniously kicked off of Zoom at 4:37 PM for reasons unknown and was unable to log back on.

Doug adjourned the meeting at 4:50 PM.

Respectfully submitted,
Nancy Caparulo
Staff support to the committee

Attachments: Mercy Report on CCSR Work
Heartland Human Rights Report on DFMS investments
D068 Proposal