

Executive Council Committee on Corporate Social Responsibility

Minutes of the Meeting

September 15, 2020

Attending the meeting: Doug Fisher, Brian Grieves, Byron Rushing, Casey Clark, Diane Pollard, 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; consultant, Pat Zerega, Bill McKeown; from the Church Pension Group, Christopher Rowe, Clayton Crawley. Regrets: Paul Neuhauser.

Doug called the meeting to order with prayer at 2:34 PM EDT and thanked those attending.

The roll was called; the agenda was reviewed and an editorial amendment made; the Minutes from the May meeting were moved (Diane), seconded (Mark) and approved as presented.

2019-2020 Shareholder Season

Pat referred to the advocacy report that had been posted to the Extranet. There were 27 engagements with 25 companies. Resolutions were filed on time. Pat enumerated the status of activities concerning:

Human Trafficking

- Delta – dialogue was postponed owing to the pandemic
- Marriott had major changes in its staff and that is being closely watched
- United – a filed resolution was written to cover both environmental and sex trafficking issues. They are slow in coming to the table. Having laid off 36,000 employees in July they will lay off more employees in the fall.
- McDonalds is a new company for 2021
- Kraft Heinz had a major change in the leadership (CEO) and is difficult to get to come to the table.

Israel/Palestine

- 2020 engagements will include Bookings Holdings, Booz Allen, Caterpillar, Heidelberg Cement, Motorola and Trip Advisor.

Brian discussed Trip Advisor as he has been lead on meetings. Based on his conversations the company does not appear to be addressing HR/human rights issues. A shareholder resolution may be considered. COVID has changed everything so that progress is very slow.

Kurt talked about the letters that went to ARAMCO concerning its IPO. It provided ARAMCO'S policies and the response noted that the companies involved were not US based but, generally, overseas subsidiaries where TEC could not make an impact.

Gun Safety

- Smith & Wesson (once American Outdoor Brands) - Doug observed that more guns were sold in the past 3 months than in any time of Smith & Wesson's history. A proposal was developed for DFMS to sign onto, a human rights statement, which was defeated. The vote was protested and the matter will be raised again.

- Ghost Guns sold an amazing number of guns over the last three months. These are sold legally by companies that send the gun parts for the customer to assemble.
- Olin is in an ongoing dialogue.

Climate Change

- Bayer (the old Monsanto dealing with Roundup) is talking with DFMS. There are issues around run-off, especially small farms in foreign countries. TEC is pushing for training in run-off and water management in general.
- Coca Cola is engaged in a long-standing conversation around water. Some changes are planned in looking at next year's dialogue.
- Corteva, engaged in dialogue, is a spinoff of Dow and Dupont dealing in fertilizers in Midland, MI, where there are PCB run-offs into Lake Michigan.
- Ameren is a greenhouse gas company that reports a new company goal for a reduction process.
- Chevron is still fracking and creating methane, pipelines, greenhouse gas emissions, second only in profile to Exxon.
- Delta is a Climate Action 100 company. Mercy has no problem getting into an open dialogue. Airlines are new in terms of climate and emissions but are bigger players in this area going forward.
- Marathon Petroleum remains difficult to work with.

Kirsten noted that in the Climate 100 dialogues TEC's influence goes beyond our shares. There is a ripple effect through the dialogues. The combined assets of CPG and DFMS make a big difference. She reported remarkable votes on the climate actions.

Board Diversity

- First Cash and World Fuel Services both came back after resolutions were filed and promised added diversity by 2021. Sketchers will be added for 2021 dialogue.

Work Plan

Pat went through the plan, recommending that:

- Marriott be dropped. The Presbyterians and Mercy's groups think fast food companies would be a good focus for talks on sex trafficking. Delivery people and window servers could be trained. The recommendation is to keep the companies TEC has been working with and add McDonald's.
- Israel/Palestine involves conflict zones generally. Heartland, Chevron, Mobile – some issues with pipeline, some gas from pipeline may be an additional issue. Expedia, Bookings and Trip Advisor are active. General Mills has a facility in the settlement. Seamans is a technology company. Brian talked about China and Myanmar. Reports are expected in December from both countries but the companies are unknown. Boos Allen is on a list because of an affiliate with military contractors.
- Immigration issues land in the governmental area. Letters may be worthwhile but no companies are in focus right now. Same thing is true with indigenous people – no recommendations.
- Opioid Issue – Johnson & Johnson and Walgreens are likely to get resolutions because they haven't reported well. Abbvie and Viartis will enter into dialogues; they report well.
- Guns – dialogues. There is uncertainty about how to proceed. Bishops Against Gun Violence has engaged with banks and credit card activity alerts.
- Water – Campbell's is an ongoing dialogue. Constellation makes beer and has a plant in Mexico where there are severe community problems about the water being taken to make beer. Agreement just got signed but there are concerns around that. Engaging would be beneficial as they are committed to a sustainability agenda and would likely work with TEC.

- Climate - same companies continue with possibly dropping Marathon. Next year will continue with Climate Action 100. AIG is an example of possible banking engagement regarding climate issues. As for CO-21, Chris said we were to engage with 10 companies on sustainability governance. There are 9 companies identified thus far. There will be 10 next year. Chewy was part of PetsMart and has no sustainability reports.
- Board Diversity – Sketchers is a new company coming up that does not have a diverse board.

Pat invited questions. In May it was agreed that there would be recommendations to EC to accept two names that need to be added to the work plan.

Kurt looked into Booz-Allen where 70% of sales go to the Defense Department. Pat will work on resolutions that need to go to EC. Full text is to be used with the resolutions. Brian had posted an enabling resolution for consideration and he **moved the resolution; Diane seconded the motion. Vote: carried the resolution without opposition.** The work plan is included in the resolution as an attachment. DFMS is the lead on Sketchers, Chewy, Constellation. Others are co-files.

No-buy List Review

Brian talked about the lists as a primary responsibility of the committee. It is maintained on the Finance web page. He was not sure how military contracting is being checked these days. TEC does not invest in the top five defense contractors. Top 50 contractors sustain their businesses on military contracts. Discussion covered the language needed to clarify the meaning. Several members said the DFMS policy is very weak compared with other denominations and a sales analysis is needed. It was suggested to ask Heartland for a basic read on what other denominations do about defense contracting/lethal weapons. Margareth will get the data needed. Not too much money is paid to Heartland yet under the contract. The Lutheran screen was checked for language.

Conclusion: no buy fossil fuels and add Aramco also for human rights. If EC didn't act on the recommendation, it could be added to the no buy. EC minutes will be checked to see if the recommendation was acted upon.

50th Anniversary Report

Brian has spoken with the videographer, Peter Swanson, and got a proposal and budget from him. The Archives are helping to the extent possible. Diane added that we should move ahead to get it done as it won't be dated. She reached out to Michael Barlowe to understand the \$5K contribution; the committee needs to invoice something to them. Next steps: make a formal request to organizations that wish to be part of it, send a proposal and budget to them with a request for a contribution. Mechanically as long as donors have no objection, checks should be sent to DFMS so the total cost could be paid from one source. The fund-raising guidelines will be checked to see if that approach is appropriate. The EC FIN Committee will be consulted. Raising more than \$10K requires approval from the EC.

Resolution was moved (Brian) that CCSR recommends to EC to accept the narrative and budget for the 50th anniversary video up to \$20 K and any other expenses in the amount of \$5 K to be funded through external sources. Seconded (Diane). Vote carried the motion.

For future discussions: GC might not happen in 2021. Questions to be answered include 1) will that impact the celebration of the 50th; 2) should the committee go ahead or wait until 2022? Kurt believes by the end of October there will be a recommendation made concerning GC with, hopefully, an outline of how GC #80 will be addressed if it doesn't happen in 2021.

There was nothing further to report concerning D068 at this time.

SEC Status

Pat shared her expectation that SEC meets tomorrow (September 16) and draft regulations are out. Some have impact for TEC. There is a representation issue concerning the filing of one's own resolutions and supporting them. It may be that an officer of a corporation would have to go to an annual meeting and present the resolution in person. Representatives must make time available to negotiate with the company. Pat hopes to take the work as it comes out tomorrow and update it. There is some indication that the requirements could be worse. The numbers could go much higher (really good for companies, really bad for shareholders). During this discussion it was learned that the vote has been postponed for another week to the 23rd of September.

Advocacy Update

Kurt, Brian, Bill and Kirsten met last week to review the 100 share advocacy account holdings to recommend removals. Companies for removal: AOB, CACI, Carrier Global, CNX, Conoco Phillips/Energy, Exxon, Gulfport Energy, Marriott Vacations, Masco, Overseas Shipholding, Owens Illinois, Glass Inc, Otis Worldwide, Swift, Topbuild, Hasbro. Raytheon (on no-buy list). Add to or remove from the shares in our advocacy account. **Motion was made (Brian) to recommend to EC changes to the advocacy account as of September 15, 2020; seconded (Janet). Motion carried without opposition or further discussion.**

Blue Book Report

Brian and Bill are working on the report. Brian checked the requirements about what is included. The Blue Book deadline of December 1 is not changed regardless the decision about GC 80. Pat will help fulfill the requirement about the work of the committee. Resolutions can be filed or a recommendation can be made to continue the committee another year. Review will be made of the mandate and description of the work of the committee, relationship to the staff, and budget issues to address. Discussion followed about the budget request. Chris will work with C01 with the Blue Book writers.

With thanks to the committee, motion was made and approved to adjourn at 4:24 PM.

Respectfully submitted,
Nancy Caparulo
Staff support to the committee