Executive Council Committee on Corporate and Social Responsibility

Teleconference

January 11, 2019

Attending the meeting: Doug Fisher, Brian Grieves, Casey Clark, Paul Neuhauser, Diane Pollard, Byron Rushing, Kirsten Spalding, John Taylor; from the staff, Kurt Barnes, Margareth Crosnier de Bellaistre, Rebecca Blachly, and Nancy Caparulo; consultant, Pat Zerega; others, Christopher Rowe (CPG), Bill McKeown.

Regrets: Mark Goodman.

Chair, Doug Fisher, called the meeting to order with prayer at 3:04 PM EST.

The agenda was reviewed and a discussion of the budget was added. It was then moved, seconded and carried to adopt the agenda with the addition.

Individual introductions were made across the group with each member expressing his or her interest in a particular focus of the work (Palestine, sustainability, fossil fuel, etc).

Request was made of the chair to have Bill McKeown added to the Extranet Page. Paul wondered if Warren Wong might be added as well.

The mandate for the committee had been distributed. It comes from a resolution of the Executive Council (EC) that established sun-setting and re-establishing of committees.

Kurt went over the procedures that were approved by EC. This committee reports to the EC through the Finance Committee. The Committee’s plans for engagement are submitted for EC approval. EC must always approve shareholder resolutions that are submitted to corporations. Names of companies for proposed shareholder resolutions must always be shared with EC at least 30 days in advance, so each EC member can identify any conflict and then abstain from voting approval. EC does not have to approve the dialogues with companies. Requests for DFMS sign-on to other shareholder resolutions come to the committee for review and approval.

FIN006 and FIN010 were approved covering the plan for engagement in 2019. Pat discussed the report she had posted to the Extranet. At this time of year the primary activities are dialogues. Work is split into human rights, healthcare (gun work is housed here), and care of creation.

Review was made of resolutions referred to the committee by General Convention (GC). Doug discussed those concerning gun violence. Smith and Wesson has been contacted regularly on a local level. There have been some small successes (Dick’s Sporting Goods) because of stockholder activity. Bishops United Against Gun Violence is very actively pursuing this area.

Paul discussed rule 14A8 of the SEC Act of 1934 that regulates shareholder proposals (i.e., requirement to hold at least $2,000-worth of stock for at least a year before submitting a shareholder resolution) at some length and opined about voting strategies that would be useful in...
the long run. The House passed a bill last year requiring a holding of 1% of the stock with a 3-year holding period. The SEC is reviewing everything and may make significant changes.

The church has 15 managers of the investment portfolio who make recommendations of what to buy and sell. The church also has a separate portfolio of SRI holdings that make us eligible to engage in dialogues. The decisions are long-term for the portfolio. The Washington Office has written extensively on the subject of gun control.

A request was made that some of the information from the prior triennium be available on the current page.

Brian noted the resolution from GC asking for criteria to be developed that the committee needs to move forward. He, too, is concerned about the SEC actions.

Human Rights (B016) resolution came about because of the actions of the Lutheran Church calling for an HR screen in the area of Israel/Palestine. This creates an opportunity to engage other religious denominations in solidarity on the issue. The issues around immigration and migration were so significant two committees were looking at them at GC.

B068 is more generic about creating criteria for investing and divesting in fossil fuels, tobacco, etc. Some criteria should be developed to help the wider church in making investment decisions. Kurt suggested contacting Warren Wong, who presented the resolution, to get clarity about how the resolution differs from the work this committee does routinely. He noted the Investment Committee was confused by the resolution.

Christopher discussed C021, engagement with companies significant to climate change. All of the collective work that is done was described as very collaborative. The Church Pension Group (CPG) focus on environment, board diversity, and human rights meshes with this resolution. Ten companies have been identified in the oil, gas, and transportation area to encourage sustainability matters on their boards. The list can be posted to the Extranet.

Doug asked the committee members to think about which areas of focus are particularly interesting to them and post a preference to the Extranet.

Margareth took a look at the 100 shares list. She explained why, where and how they are held. Whether or not to maintain shares on this list will be reviewed in the future. Managers of the larger investment portfolio are given names of shares to discuss with staff before selling.

The matter of the budget for the committee was raised. Money is in the Treasurer’s budget for the Mercy Investment contract. Kurt explained that Committee meeting expenses are allocated by Michael Barlowe in the General Convention Office (GCO) based on the number and types of meetings needed to complete the work. The draft resolution sent from CCSR to EC identified budget recommendations but Michael must be asked. Diane, having chaired a committee last triennium, suggested contacting Michael early to arrange for a face-to-face meeting. Representatives should be sent to the ICCR meeting. Whether nor not funds for that will be available was of some concern. Kurt repeated that the EC committees are under the purview of
the Secretary of the GC. A block of money exists for all of the interim bodies. Doug will talk with Michael. It was agreed that at least one face-to-face meeting was necessary.

The proxy voting guidelines were discussed in brief. CPG and TEC are generally aligned on the rules. When there are exceptions, they are discussed. Christopher and Paul will review the rules and recommend updates if appropriate.

The Theology of Money Task Force might benefit if it had a liaison to this committee. Bill is already on that task force. Brian suggested that he serve this committee as that liaison. The task force has not yet met nor have they gathered electronically. Bill is happy to do that.

A Doodle Poll will go out to establish a date in early May for the next meeting. Doug encouraged everyone to use the Extranet to keep things moving. Byron suggested isolating the sub-groups that have been suggested for the ease in keeping track.

Doug concluded the meeting with prayer and adjourned it at 4:43 PM.

Respectfully submitted,
Nancy Caparulo
Staff support to the committee

Subsequently, subcommittee preferences were received on the Extranet as follows:

- Kristen – C021 or gun safety, if necessary
- John Taylor – B016 (Palestine)
- Casey – C021 (or B007 or D068)