

SRIC Annual Report

Socially Responsible Investment Coalition

JUSTICE AND PEACE THROUGH CORPORATE RESPONSIBILITY

July 2018 – Volume 37

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Texas 78216

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INSTITUTIONAL MEMBERS

Benedictine Sisters

Brigidine Sisters

Catholic Diocese of Fort Worth

CHRISTUS Health

Congregation of Divine Providence

Dominican Sisters

Marianist Province of the US

Missionary Oblates of
Mary Immaculate

Our Lady of the Lake University

Providence Trust

Sisters of Charity of the Incarnate Word
San Antonio, Texas

Sisters of Charity of the Incarnate Word
Houston, Texas

Sisters of the Holy Spirit and Mary
Immaculate

Sisters of the Incarnate Word and
Blessed Sacrament

MISSION

SRIC members are called to build a more sustainable world by seeking justice and peace through engagements which help transform corporate policies and actions.

SRIC STAFF

Anna Falkenberg,
Executive Director

Ruben Lopez,
Administrative Assistant

Karen Walker,
SRIC Volunteer

A Note from the Director

From our perch on the third floor of the Oblate School of Theology, we can look out the window to the skyline of San Antonio. However, on our many phone calls and meetings, we move about the world working with others. And so we enable our members to honor their faithful call to use their investments as a tool for making a better world. And though we are all challenged every moment by instantaneous flashes of news which seem to upset our dreams for a world of peace, we hold on to the courage to seek justice and peace through corporate responsibility, and act to transform corporate policies and behavior.

We work locally

We presented a deep look into the Ethics of Healthcare at our SRIC Annual Event during the month of April. We began with a roundtable discussion that centered on the religious perspectives and ethical as well as moral implications for providing health care. Our panelists discussed the global view on providing health care from the world gathering of nations, and the impact of social determinants (i.e. issues of power, equity and access) on the provision of health care in our local community. During this year's evening program, panelists discussed the opioid crisis as addressed through a national coalition of investors addressing health/health care, and the economics of health care focusing on drug pricing and its impacts on access.

Program participants included Rev. Séamus Finn, OMI, Chief of Faith Consistent Investing at the Missionary Oblates of Mary Immaculate; Donna Meyer, Ph.D., Director of Shareholder Advocacy at Mercy Investment Services; Elizabeth Lutz, Executive Director at The Health Collaborative; Jason Rosenfeld, MPH, Assistant Director of Global Health at the University of Texas Health Science Center in San Antonio; and Robert L. Ferrer, MD, MPH, John M. Smith, Jr. Professor and Vice Chair for Research in the Department of Family and Community Medicine at the University of Texas Health Science Center in San Antonio.

We work nationally and globally

Through teleconferences, we engage with global investors' alliances such as Investors for Opioid Accountability, the Investor Alliance for Human Rights, Investing for Racial Justice, Thirty Percent Coalition for Board Diversity, Shareholder Initiative on Climate Sustainability as well as ICCR. In this way, we work together using the lens of environmental, social and governance concerns to positively affect corporate behavior.

Much of our time is spent in dialogue with companies, on calls with faith-based coalitions and ICCR Groups. We sign-on to letters and prepare resolution packets for our members to file. Our SRIC members are active as leads with several companies including Home Depot, McDonalds, General Mills, Pilgrim's Pride, Amgen, Cardinal Health, and Mallinckrodt Group, and others.

We educate our members and friends

We redesigned our website with the intent of offering internet searchers an attractive and informative look at who we are, our issues and initiatives, information on corporate engagements and a list of insightful resources. You can find our website at <https://www.sric-south.org/>.

We send monthly updates to our members via email. Our updates are designed to feature current information about companies in the news, articles which can serve as resources to our members, good news about our successes and victories as investors, action alerts and other information about shareholder engagements.

You can follow us on Twitter where we have a presence and a voice in the ongoing conversation @SRICNewsroom.

Join us and support us as we continue to work for economic, environmental and social justice in the areas of food and water, health, climate impacts, ethical recruitment, food justice, impacting climate change, water stewardship, health equity, racial justice, immigration reform, preventing gun violence, eradicating human rights abuses.

Please consider joining us in Creating a more Just and Sustainable World through Corporate Responsibility. We welcome your financial support in the form of membership levels or donations detailed on the back cover.



SRIC Board Meeting Updates



September 19, 2017

Donna Meyer, Ph.D., Director of Shareholder Advocacy at Mercy Investment Services, conducted a presentation on the opioid crisis. Donna shared various articles and a PowerPoint presentation, which outlined information on this epidemic and its direct correlation to drug overdosing and availability. Her presentation shed some insights on the key role responsible investors play as they battle this epidemic utilizing their investments in pharmaceutical companies. A coalition of investors is currently engaging with drug makers and distributors to advocate for strong opioid controls.



November 14, 2017

Sister Elizabeth Riebschlaeger, OSB, with the Sisters of Charity of the Incarnate Word of San Antonio, Texas, conducted a presentation on her findings on health impacts while monitoring the ongoing development of fracking in South Texas. Sister Elizabeth talked about how she works tirelessly to educate citizens on fracking's permanent threats to clear air, clean water and land. She serves as advocate on behalf of citizens impacted by Eagle Ford Shale activity and has testified before legislative committees and the Environmental Protection Agency hearings on behalf of more protective legislation and regulations.



February 20, 2018

Sister Susan Mika, OSB, from the Benedictine Sisters of Boerne, Texas, gave a presentation on her trip to Arkansas for the Annual General Meeting (AGM) for Walmart and a site visit at the Tyson production facility. Sister Susan explained that on the same day the group was meeting with Walmart, the company announced the increase of minimum wage as \$11; the company closed 63 Sam's Clubs; gave a prorated bonus of \$1,000 (only those working 20 years for Walmart would receive the full \$1,000). Sister Susan pointed out that the company announced the next day that they would lay off 1,000 of those who work at the Bentonville headquarters. She also told the group about ICCR's team visiting a workers' center in Springdale to hear the stories of abuse of poultry workers at Cargill, Tyson and George's poultry processing plants.



May 9, 2018

During the last meeting of the fiscal year, time was given for members to share social justice and corporate responsibility activities from this past year. Anna Falkenberg shared with members updates on company engagements, including Target and American Airlines. Anna also talked about working with colleagues on strategy and group calls for Racial Justice Investing, Opioid Working Group, and Human Rights/Human Trafficking. SRIC members talked about their volunteer work at Haven for Hope to address homelessness; others discussed how they prepared students for the General Educational Development (GED) exam; several worked for immigrant rights, and other members also attended corporate AGM's serving as lead filers.

SRIC Board Officers

SRIC Board Meetings 2018—2019

Tuesday, September 11, 2018
Tuesday, November 13, 2018
Tuesday, February 12, 2019
Tuesday, May 14, 2019



*Sr. Veronica
Cahill, SHSP
Board Chair*



*W. Esther Ng
Treasurer*



*Sr. Patricia
Regan, CDP
Secretary*

2018 Proxy Season Successes

GUN VIOLENCE



Amid mounting public attention to the role played by assault-style weapons in recent acts of gun violence, a majority of **Sturm Ruger**

shareholders voted in favor of an ICCR member proposal requesting a report on what steps, if any, the company is taking to promote gun safety.

GUN VIOLENCE



After student protests and receiving an ICCR resolution, **Dick's Sporting Goods** decided to stop selling assault rifles in its

stores, raise the minimum age for purchasers to 21, and stop selling high-capacity magazines.

ETHICS VIOLATIONS



WELLS FARGO

After receiving a resolution from the Sisters of St. Francis of Philadelphia, **Wells Fargo** announced that it agreed to publish a Business Standards Review to investigate the root causes of systemic lapses in governance and

risk management that have led to ongoing controversies, litigation and fines.

2° SCENARIO PLANNING



CMS ENERGY

The Presentation Sisters withdrew their resolution on 2C

climate change planning at **CMS Energy Corporation** after the company agreed to publish an assessment of the long-term business impacts of limiting global warming to under 2-degrees Celsius, as adopted by the Paris Climate Agreement. In 2015, CMS was the 21st largest emitter of CO2 among power generators in the U.S. but made significant progress in emissions reductions by recently retiring 7 of its 12 coal plants.

INDIGENOUS PEOPLE'S RIGHTS



New York State Comptroller withdrew its shareholder proposal at **Marathon Petroleum** as the company committed to new disclosures regarding policies on Indigenous people's rights.

BOARD DIVERSITY



Trillium withdrew its proposal on Board Diversity at **Sealed Air** following the company's commitment to strengthen

corporate governance document and adopt a policy of inclusiveness whereby diversity of age, gender, international background, race, ethnicity and specialized experience are considered in each director search.

OPIOIDS



Mallinckrodt

Mercy Investment Services withdrew its resolution requesting **Mallinckrodt** to report to shareholders on the governance measures the company has implemented since 2012 to more effectively monitor and manage financial and reputational risks related to the opioid crisis in the U.S.—based on the company's decision to divest of its opioid business.

WORKPLACE DIVERSITY



A shareholder proposal, presented by the Congregation of Benedictine Sisters of Boerne, Texas, urged Home Depot to prepare a diversity report on its workforce. Specifically, the proposal called on the company to release an "equal employment opportunity (EEO) report to measure diversity among its associates." The

proposal received 48 percent support. The Benedictine Sisters have presented the shareholder proposal at several previous annual meetings, and it received 33.65 percent of shareholders' support in 2017. In the proposal, the Benedictine Sisters said that Home Depot has paid out more than \$100 million to settle discrimination lawsuits, including \$87 million in a 1997 settlement.

2018 Shareholder Resolutions Voting Results

ABBVIE

Senior Executive Incentives - Integrate Drug Pricing Risk—21.00%

Mercy Investment Services

Separate CEO & Chair—38.00%

Congregation of Divine Providence - San Antonio, Texas

Dana Investment Advisors

Providence Trust

AES

Business Plan for 2C Warming Scenario—Withdrawn

Mercy Investment Services

AETNA

Lobbying Expenditures Disclosure - Climate—8.00%

Mercy Investment Services

ALPHABET

Lobbying Expenditures Disclosure - Climate—9.39%

Dana Investment Advisors

Mercy Investment Services

AMAZON.COM, INC.

Ethical Labor Recruitment—Withdrawn

Mercy Investment Services

Executive Pay - Incorporate Diversity & Sustainability Metrics—Withdrawn

Missionary Oblates of Mary Immaculate

AMEREN (UNION ELECTRIC)

Business Plan for 2C Warming Scenario—Withdrawn

Mercy Investment Services

AMERICAN INTERNATIONAL GROUP

Business Plan for 2C Warming Scenario—Withdrawn

Mercy Investment Services

AMERICAN OUTDOOR BRANDS (SMITH & WESSON)

Gun Safety—

Mercy Investment Services

AMGEN

Senior Executive Incentives - Integrate Drug Pricing Risk—25.85%

Dana Investment Advisors

Mercy Investment Services

ANADARKO PETROLEUM

Methane Emissions - Measure Leakage & Disclose—Withdrawn

Mercy Investment Services

AT&T

Lobbying Expenditures Disclosure - Climate—34.30%

Dana Investment Advisors

BANK OF AMERICA

Indigenous Peoples Rights—Withdrawn

Mercy Investment Services

BANK OF NEW YORK MELLON

Proxy Voting Policies - Climate Change—6.80%

Mercy Investment Services

BED BATH & BEYOND

Ethical Labor Recruitment—Withdrawn

Mercy Investment Services

BIOGEN

Senior Executive Incentives - Integrate Drug Pricing Risk—28.21%

Mercy Investment Services

BOEING

Lobbying Expenditures Disclosure—24.40%

Missionary Oblates of Mary Immaculate

BRISTOL-MYERS SQUIBB

Senior Executive Incentives - Integrate Drug Pricing Risk—22.00%

Congregation of Divine Providence - San Antonio, Texas

Mercy Investment Services

CATERPILLAR

Independent Director with Human Rights Expertise—4.80%

Congregation of Benedictine Sisters, Boerne, Texas

Mercy Investment Services

CATO CORPORATION

Board Diversity—

Providence Trust

CHEVRON

No Business with Governments Complicit in Genocide - Burma—7.30%

Congregation of Benedictine Sisters, Boerne, Texas

Dana Investment Advisors

Mercy Investment Services

CITIGROUP

Indigenous Peoples Rights—Withdrawn

Mercy Investment Services

CONOCOPHILLIPS

Lobbying Expenditures Disclosure - Climate—Withdrawn

Mercy Investment Services

CVS HEALTH CORP

Paid Family Leave—Withdrawn

Congregation of Benedictine Sisters, Boerne, Texas

Missionary Oblates of Mary Immaculate

DEAN FOODS

Adopt Human Rights Policy Emphasizing Ethical Recruitment—Withdrawn

Mercy Investment Services

DEVON ENERGY

Report on Hydraulic Fracturing Policies—Withdrawn

Mercy Investment Services

DICKS SPORTING GOODS

Gun Safety—Withdrawn

Mercy Investment Services

DISCOVER FINANCIAL SERVICES

Workplace Diversity—Withdrawn

Providence Trust

DISNEY (WALT) COMPANY / ABC

Lobbying Expenditures Disclosure - Climate—37.43%

Missionary Oblates of Mary Immaculate

DOMINION RESOURCES

Business Plan for 2C Warming Scenario—Withdrawn

Mercy Investment Services

DR. PEPPER SNAPPLE GROUP

Report on Risks Related to Obesity—4.16%

Dana Investment Advisors

Missionary Oblates of Mary Immaculate

DTE ENERGY

Business Plan for 2C Warming Scenario—Withdrawn

Mercy Investment Services

DUKE ENERGY

Lobbying Expenditures Disclosure—Withdrawn

Mercy Investment Services

Public Health Risks of Coal Pollution—Withdrawn

Congregation of Divine Providence - San Antonio, Texas

Providence Trust

2018 Shareholder Resolutions Voting Results

ELI LILLY AND COMPANY

Senior Executive Incentives - Integrate Drug Pricing Risk—17.77%
Mercy Investment Services

EMERSON

Greenhouse Gas Reduction - Science-Based Targets—39.98%
Mercy Investment Services

EXXON MOBIL

Lobbying Expenditures Disclosure - Climate—26.20%
Congregation of Benedictine Sisters, Boerne, Texas
Dana Investment Advisors
Mercy Investment Services
Missionary Oblates of Mary Immaculate

FACEBOOK

Risk Oversight Committee —11.55%
Missionary Oblates of Mary Immaculate

GOLDMAN SACHS GROUP

Indigenous Peoples Rights—Omitted
Mercy Investment Services

HOME DEPOT

Workplace Diversity—48.30%
Congregation of Benedictine Sisters, Boerne, Texas

HONEYWELL INTERNATIONAL

Lobbying Expenditures Disclosure—40.70%
Mercy Investment Services

INTERNATIONAL BUSINESS MACHINES CORP. (IBM)

Lobbying Expenditures Disclosure - Climate—32.90%
Mercy Investment Services

J.P. MORGAN CHASE & CO.

Risks of Lending, Underwriting in Tar Sands Production—Challenged
Mercy Investment Services

JOHNSON & JOHNSON

Separate CEO & Chair —Withdrawn
Congregation of Benedictine Sisters, Boerne, Texas
Dana Investment Advisors
Mercy Investment Services
Missionary Oblates of Mary Immaculate

KINDER MORGAN, INC.

Methane Emissions - Measure Leakage & Disclose—38.00%
Mercy Investment Services

MALLINCKRODT GROUP

Financial & Reputational Risks Related to the Opioid Crisis—Withdrawn
Mercy Investment Services
Providence Trust

MARTEN TRANSPORT

Implement Program to Address Human Trafficking—Withdrawn
Mercy Investment Services
Providence Trust

MCDONALD'S

Adopt Human Rights Policy Emphasizing Ethical Recruitment—Withdrawn
Mercy Investment Services
Phase Out Medically Important Antibiotics in Supply Chain—Withdrawn
Congregation of Benedictine Sisters, Boerne, Texas

MONSANTO

Create Board Committee on Human Rights - Glyphosate—Withdrawn
Mercy Investment Services

MOTOROLA SOLUTIONS

Lobbying Expenditures Disclosure - Climate—34.60%
Mercy Investment Services

NOBLE ENERGY

Business Plan for 2C Warming Scenario—45.70%
Mercy Investment Services

PFIZER

Drug Pricing—Omitted
Mercy Investment Services
Separate CEO & Chair—25.60%
Dana Investment Advisors

PILGRIM'S PRIDE CORP

Water Impacts of Business Operations—7.00%
Mercy Investment Services

PNM RESOURCES

Stranded Assets Due to Climate Change—Omitted
Missionary Oblates of Mary Immaculate

SAIA LTL FREIGHT

Implement Program to Address Human Trafficking—Withdrawn
Mercy Investment Services
Providence Trust

STURM RUGER

Gun Safety—69.00%
Mercy Investment Services

TRAVELERS

Board Oversight of Climate Change Policies—Withdrawn
Mercy Investment Services

TYSON FOODS

Lobbying Expenditures Disclosure—11.96%
Mercy Investment Services

UNITED PARCEL SERVICE (UPS)

Lobbying Expenditures Disclosure - Climate—19.50%
Mercy Investment Services

UNITED STATES STEEL

Greenhouse Gas Reduction - Science-Based Targets—Withdrawn
Mercy Investment Services

US FOODS HOLDING CORP

Board Diversity—Withdrawn
Mercy Investment Services

VALERO ENERGY

Business Plan for 2C Warming Scenario—Withdrawn
Congregation of Benedictine Sisters, Boerne, Texas
Congregation of Divine Providence - San Antonio, Texas
Mercy Investment Services
Providence Trust

WELLS FARGO & COMPANY

Business Standards/Vision and Values/Risk Management—Withdrawn
Missionary Oblates of Mary Immaculate
Indigenous Peoples Rights—Omitted
Mercy Investment Services

WILLIAMS-SONOMA

Ethical Labor Recruitment—Withdrawn
Mercy Investment Services

WYNDHAM WORLDWIDE

Political Contributions—42.70%
Mercy Investment Services

2018 Corporate Annual General Meetings



Mary Beth Gallagher, Executive Director of Tri-State Coalition for Responsible Investment, attended Tyson's Annual General Meeting, which took place in Springdale, Arkansas. According to

Ms. Gallagher, the water shareholder resolution did well, it got 15.83% of the vote, an increase from last year's 14.6%. This is approximately 63% of the Class A shares (those not controlled by the Tyson Limited Partnership). Jay Ford, from the Virginia Eastern Shorekeeper, highlighted concerns about water pollution amid Tyson's chicken house expansion. Tyson's CEO, Tom Hayes, positively acknowledged the resolution and said that the company will continue to make sustainability improvements. Mr. Hayes spoke with the workers who attended the meeting; he acknowledged that Tyson is exploring how automation can be used to make the workplace safer (workers shared that they need to do this without cutting jobs). After the meeting, Mary Beth Gallagher, Jay Ford, Alexandre Galimberti, Oxfam, Magaly Licolli, Northwest Arkansas Workers Justice Center, Lucia von Reusner, Mighty Earth, and 3 other workers and organizers from The Northwest Arkansas Workers' Justice Center (NWAJWC), met with Justin Whitmore, Tyson's Chief Sustainability Officer. They discussed the various stakeholder issues and how they can continue to encourage Tyson to move forward. The lobbying proposal that was filed got 11.96%.

Donna Meyer, Director of Shareholder Advocacy at Mercy Investment Services, represented Tim Smith, Director of Environmental, Social and Governance (ESG)

Shareowner Engagement at Boston Trust & Investment Management Company, at the ConocoPhillips Annual General Meeting that was held in Houston, Texas. Ms. Meyer, presented Mr. Smith's statement commending ConocoPhillips on their board diversity. Representing Walden Asset Management, Ms. Meyer, also presented a statement commending the company on lobbying transparency. The latter statement also inquired about ConocoPhillips' support of the Chamber/BRT campaign to restrict shareholder engagement. Clearly, the Company staff and Board appreciated the commendations.



Sister Nora. M. Nash, OSF, Director, Corporate Social Responsibility from Sisters of St Francis of Philadelphia, attended the Wells Fargo Annual General Meeting that was held in Des Moines, Iowa. Sister Nora was given a special platform as the first shareholder to speak at the annual meeting. She was very warmly introduced by Chair, Elizabeth Duke and her advocacy, and that of ICCR members was recognized with applause. Sister Nora delivered a strong and heartfelt statement that focused on the millions of customers "wounded" by Wells Fargo.



Lyn Conley, Compliance Manager at FiduciaryVest, represented the Benedictine Sisters of Boerne, Texas at Home Depot's Annual General Meeting, in Atlanta Georgia. The Benedictine Sisters of Boerne have been filing resolutions with Home Depot for over 17 years,

asking them to release their EEO-1 data which the company collects each year because they are a government contractor. The final voting results show that: the sisters' resolution received 48.3% — the highest vote they have ever received at this company.

Sr. Mary Ann O'Ryan, from the Benedictine Sisters of Chicago, attended McDonald's Annual General Meeting, in Oak Brook, Illinois. Sr. Mary Ann made a one-minute statement on behalf of the filers, who had withdrawn the resolution on asking the company to eliminate the antibiotics intended for human use in their pork and beef supply chain. The Benedictine Sisters of Boerne, agreed to monitor the company for the rest of the year. McDonald's will release a policy on antibiotic use in beef by the end of 2018.



2017 Corporate Annual General Meetings



Austin Wilson, Environmental Health Program Manager, of the As You Sow Foundation, represented the

Benedictine Sisters of Atchison, Kansas, at the Denny's "Virtual" Annual General Meeting. The resolution focused on the elimination of antibiotics in the supply chain. The resolution received 15.5%.

Ann Roberts, ESG Analyst, at Dana Investment Advisors attended AT&T Annual General Meeting, in Dallas, Texas. The meeting was held at Moody Performance Hall in downtown Dallas. There were nearly as many protesters outside (the Communication Workers of America) as shareholders inside. Ms. Roberts was the only one moving resolutions (Dana Investment Advisors own resolution, plus three additional resolutions as a courtesy to filers who could not attend). The outcome of the resolution co-filed by Dana Investment Advisors on lobbying expenditures received a vote outcome of 34%.



at&t

W. Esther Ng was invited by Sister Susan Mika, from the Benedictine Sisters of Boerne, to attend the Caterpillar Inc. Annual



General Meeting, which was held at the Pearl Stable in San Antonio, Texas. Caterpillar's CEO, Jim Umpleby, conducted introductions and gave an update on the goals for the company for 2018. Suzette Long, General Counsel and Corporate Secretary, announced the voting results of the company proposals. Anna Falkenberg, SRIC Executive Director presented a proposal on Decrease Percent of Ownership to call Special Shareholder Meetings. Sister Susan Mika, on the other hand, presented a proposal requiring Human Rights Qualifications for Director Nominees. They both did an excellent job, however, both resolutions were not approved, and received only 32.44% and 4.88% respectively.

Donna Meyer, Director of Shareholder Advocacy at Mercy Investment Services attended the Amgen Annual General Meeting that was held in Westlake Village, California. The resolution presented was on Senior Executive Incentives — Integrate Drug Pricing Risk. Interesting that after initial welcomes, Andrea Robinson, Amgen's Assistant Secretary and Associate General Counsel, pointed out that during the last quarter, 100% of increased revenue came from new products and expanded markets. Ms. Robinson and her colleagues said they wish to continue to dialogue. Robert A. Bradway, Amgen's Chairman and Chief Executive Officer, announced that the resolution was "defeated" with more than 25% voting "for".



Ann Roberts, ESG Analyst, at Dana Investment Advisors, attended the JPMorgan Chase Annual General Meeting held in Plano, Texas. The meeting was held in a large auditorium on JPMorgan Chase's new regional campus for North Texas employees. Four shareholder resolutions were moved by another ICCR member, after which anyone with a question was invited to the microphone. Ms. Roberts was the first of nearly 20 to speak, many of whom were immigrants sharing personal stories. On behalf of a group of ICCR members who had recently had a dialogue with JPMorgan Chase, Ms. Roberts made a statement about the company's financing of companies running private prisons and immigrant detention centers. The corporate secretary briefly answered the question Ms. Roberts posed, saying they share our concerns and look forward to future dialogues with us. However, JPMorgan Chase's CEO, Jamie Dimon, directly addressed some of the other speakers. When the meeting was over, all speakers were invited to the side of the room to make individual appointments with JPMorgan Chase officials.



Ann Roberts, Environmental, Social and Governance (ESG) Analyst, at Dana Investment Advisors, attended the AbbVie Annual General Meeting, that was held in Chicago, Illinois. The meeting took place at a Fairmont Hotel. A few shareholder resolutions were presented, and afterwards

a couple of questions were asked by shareholders. The outcome of the resolution proposed by Dana Investment Advisors on separate CEO/Chair obtained a vote outcome of 38%.

Our Issues In The News

RACIAL JUSTICE

SRIC, in conjunction with ICCR, is determined to promote equitable opportunities and the fair treatment of people of all races. Both organizations work towards building solutions to prevent racial injustices from happening. As a social justice advocate, SRIC helps educate companies about the enormous human, financial and reputational implications that result from a lack of social justice policies. SRIC is committed to take action and fight for racial justice through shareholder advocacy—pressing companies in its portfolios to make changes to their policies and practices as a way to foster racial justice, improve risk management and create a positive social impact.

A clear example of social injustice is reflected on a recent racial profiling incident against two black men at a Philadelphia Starbucks. According to national news outlets, these two men were arrested, after they refused to leave a Starbucks café, when they were denied access to the stores' men's restroom, on the grounds that they did not make any purchases. Before this incident, Starbucks had maintained a "loose policy" on bathroom access. Decisions were ultimately left up to store managers on whether someone could use the store's restroom.

To prevent similar situations from happening, the company closed its 8,000 U.S. stores on May 29, to provide trainings to its 175,000 employees. During that time, employees went through a program designed to address implicit bias, promote conscious inclusion, prevent discrimination and ensure everyone inside a Starbucks store feels safe and welcome. Furthermore, the company began a review of its training and practices to make important reforms where necessary to ensure their stores always represent their mission and values.



IMMIGRATION

SRIC recognizes the critical need for immigration reform. In light of a series of recent mass immigrant deportations and detentions, family separations, bans on immigrants and refugees from certain countries, SRIC is calling on industry leaders and policy makers to implement systemic reforms in businesses and public policies that will ensure individuals safety and welfare.

The number of migrant children held in U.S. government custody without their parents has surged 21 percent in the month of April. According to the Department of Health and Human Services (HHS) 10,773 migrant children are in their custody. HHS shelters are at 95 percent capacity, and the agency is preparing to add potentially thousands of new bed spaces in the coming weeks. HHS also is exploring the possibility of housing children on military bases.

On June 26, Judge Dana M. Sabraw of the U.S. District Court for the Southern District of California granted a preliminary injunction, ordering the federal government to reunite children under the age of 5 with their parents within 14 days, and all other children who've been separated from their parents within 30 days. He further ordered that detained parents must be allowed to speak to their children on the phone within 10 days. At this point, the U.S. government has pledged to reunite children taken from their parents at the southwest border.



SRIC supports policies that require U.S. immigration authorities to avoid splitting families upon apprehension. Instead, authorities should identify and implement alternatives to detention that keep families together.

GUN VIOLENCE

On an average day, 96 individuals are killed by guns in the United States. Gun violence in the U.S. is both a public health and human rights crisis with extraordinary and escalating human and economic costs. According to a Johns Hopkins University study, the annual cost of care for victims of gun violence amounts to an average of \$2.8 billion in emergency-room and inpatient charges.



SRIC members would agree that sensible gun control legislation and enforcement is needed to help halt the wave of senseless gun tragedies, progress has been stalled at the federal level in large part due to aggressive NRA lobbying. Corporations, therefore, have an important role to play; they have the resources to introduce solutions that may help prevent such lethal events.

ICCR member Mercy Investment Services, used the resolution it filed in late 2017 against Dick's Sporting Goods on gun violence, to open a discussion with the company about its gun business. The resolution was withdrawn following a productive dialogue with company management. Subsequently, in 2018, Dick's agreed to stop selling assault-style weapons at its Field & Stream stores, and raised the minimum age of gun purchasers to 21.

SRIC works with ICCR, to urge gun manufacturers and retailers to stop the sale, production, design or conversion of military style semi-automatic assault weapons. We support a federal universal background check system for all gun and ammunition transactions and encourage retailers to limit gun and ammunition sales to purchasers 21 and over (Walmart, Kroger and Dick's Sporting Goods have already adopted this policy). We recognize that it is imperative that financial organizations prohibit lending or the use of credit cards/payment systems to gun manufacturers that sell, produce or design the weapons or ammunition (Pay Pal, Square, Stripe and Apple Pay already prohibit the use of their platforms for the sale of firearms). The dangers presented by gun violence threaten the lives of our children, our communities and our society.

OPIOID CRISIS

Drug overdoses are the leading cause of death for Americans under 50, and deaths are rising faster than ever, primarily because of opioids. During 2016, there were more than 63,600 overdose deaths in the United States, including 42,249 that involved an opioid (66.4%). That's an average of 115 opioid overdose deaths each day.



The beginning of the opioid crisis can be traced back to the release of OxyContin, which is Purdue's best-selling drug. After its release in 1996, Purdue carried out an aggressive marketing campaign that described OxyContin as both, safe and effective — misleading doctors into thinking the pills could be prescribed with minimal problems.

According to a news article published by Bloomberg, pharmaceutical company Purdue, the maker of the powerful painkiller OxyContin, said it would stop marketing opioid drugs to doctors. Furthermore, the company told its employees that it will eliminate half of its sales force and send a letter to doctors telling them that salespeople will no longer go to clinics to talk about their opioid products.

Opioid manufacturers and distributors have played a clear role in exacerbating the addiction crisis. As a result, a group of ICCR members are calling for improved governance structures at pharmaceutical companies to help mitigate the risks of opioid abuse. Furthermore, through shareholder resolutions and dialogues, SRIC members request opioid manufacturers, distributors and makers of overdose antidotes to generate reports on the risk measures they have in place to counter this epidemic.

Our Issues In The News

WORKPLACE EQUALITY

Today's workforce is becoming increasingly diverse. Responsible investors consider workplace diversity to be a core component of sound governance policy. Today, many organizations advocate for greater access to resources and opportunities for all demographics at every level within an organization. Such work is directed towards the advancement of industry efforts aimed at embracing diversity and effective inclusion through the collection of data and metrics.

At the beginning of the year, Walmart announced its plan to increase the starting wage rate for all hourly associates in the U.S. to \$11, effective February 17, 2018. The company also expressed its plans to expand its parental and maternity leave policy, providing full-time hourly associates in the U.S. with 10 weeks of paid maternity leave and six weeks of paid parental leave. Salaried associates will also receive six weeks of paid parental leave. Furthermore, the company announced that it will offer a one-time bonus benefiting all eligible full and part-time hourly associates in the U.S. The amount of the bonus will be based on length of service, with associates with at least 20 years qualifying for \$1,000; those with 15 to 19 years of service qualify for \$750; those with 10 to 14 years of service qualify for \$400; those with 5 to 9 years of service qualify for \$300; and, those with 2 to 4 years of service qualify for \$250.

In order to help ensure diversity and equity in the workforce from entry-level through executive-level positions, organizations like SRIC members have supported the work of the 30 percent Coalition in promoting Board Diversity and continue to work for workplace equality. Through dialogues, we request corporations to provide descriptions of the policies and programs they have in place on gender, racial diversity and pay equity.



WATER STEWARDSHIP



More than one in six people worldwide (894 million) do not have access to improved water sources, and 2.5 billion people, including almost one billion children, live without even basic sanitation. Every day 6,000 children die from diseases associated with lack of access to safe drinking water, inadequate sanitation and poor hygiene.

Corporations have a critically important role to play in addressing the freshwater crisis. Presently, agricultural and industrial water use account for 70 and 22 percent of total water use respectively. Apart from the stresses on water supply generated by industrial water consumption, declining water quality due to agricultural runoff, industrial wastewater, improper disposal of human waste, and many other issues are contributing to acute water crises around the world.

Recently, the Michigan Department of Environmental Quality agency approved Nestlé's plan to boost the amount of water it takes from the White Pine Springs well in the Great Lakes Basin. Under the plan, Nestlé will pump up to 400 gallons of water per minute from the well, rather than the 250 gallons per minute it had been extracting. Water is a complicated and sore subject in many localities, but in few places more so than in Michigan, where a crisis has raged for years over high levels of lead and other dangerous heavy metals in the water in Flint.

Water issues pose a range of risks to businesses, from higher costs to business disruptions stemming from supply chain interruptions and the potential loss of license to operate. SRIC believes that the implementation of comprehensive water stewardship policies helps companies identify and manage water-related business risks and promotes more sustainable management of shared freshwater resources. Furthermore, We urge companies to adopt water stewardship policies that respect communities' human right to water.

BOARD DIVERSITY

Boards play a critical role in helping organizations understand how to prioritize their resources and strategies. Furthermore, boards of directors guide the way that each organization articulates and upholds its purpose, its values, and its responsibility to advance the public good.

Recently, Amazon decided to adopt a new policy called "Rooney Rule", to promote diversity in its board of directors. This policy would require the board to interview at least one woman or minority for each opening. The new policy follows a shareholder proposal jointly submitted by the Master Trust of the Service Employees International Union and CtW Investment Group, which works with pension funds affiliated with a federation of unions, which said Amazon's board has failed to convert verbal support for diversity to practical action.

We believe that all social sector organizations can better achieve their missions by drawing on the skills, talents, and perspectives of a broader and more diverse range of leaders, and that the diversity of viewpoints that comes from different life experiences and cultural backgrounds strengthens board deliberations and decision-making. Boards that cultivate an inclusive culture ensure that all board members are encouraged to bring their perspectives, identity, and life experience to their board service. An inclusive board culture welcomes and celebrates differences and ensures that all board members are equally engaged and invested, sharing power and responsibility for the organization's mission and the board's work.



PRISON LABOR

2.2 million people sit in American prisons and jails. One in every 31 people is under some form of "correctional control" (prison, jail, probation, or parole), and nearly one-quarter of Americans have a criminal record. Throughout American history, labor has been an integral part of the experience of incarceration. According to the Federal Bureau of Prisons, federal inmates earn 12 cents to 40 cents per hour for jobs they perform in prison, and 23 cents to \$1.15 per hour in Federal Prison industries. Since inmates are exempt from the Fair Labor Standards Act, (which requires that workers are paid at least the federal minimum wage) it is completely legal for states to exploit inmates for free or cheap labor.

According to a new lawsuit, private prison company CoreCivic, forced immigrant detainees to work for as little as \$1 per day if they wanted toilet paper, toothpaste, and safe lodging. The class action suit, filed in federal court for the Middle District of Georgia, pits three plaintiffs, against CoreCivic, the nation's largest private prison company. The three plaintiffs allege that CoreCivic is violating a federal anti-human trafficking law with the work program that it oversees.

The detention center characterizes its work program as voluntary. But according to the lawsuit detainees are paid pennies per hour—generally \$1 to \$4 per day—for tasks such as mopping floors, scrubbing toilets, and serving meals. Immigrants who resist participating in the work program can face criminal charges or up to 30 days in solitary confinement, the suit says.

Last year, a federal judge in Colorado granted class certification to a similar lawsuit, letting thousands of current and former detainees join on to a lawsuit against GEO Group, the country's second biggest private prison company.

Increasingly, prison labor can be found in corporate supply chains. Although prison labor is legally permissible in the U.S., organizations like SRIC view it as an ethically questionable practice akin to slavery.



Vatican Voices and Tech Companies' Ethics

2018 SRIC Annual Event Reflections

Rev. Séamus Finn, OMI

Work continues apace on a set of ethical investment guidelines that will provide a Catholic perspective on Faith Consistent Investing and therefore be of service to the Vatican itself and to other Catholic institutions and organizations around the world. This has been in many ways a work of research and consolidation that has worked to mine the Scriptures and the Tradition for insights, teaching, guidance and principles that relate to the kinds of decisions, operations, activities and questions that asset managers including investment committees and individual investors deal with every day. In addition, this project has included an analysis of the investment principles and guidelines that have already been adopted and published by some bishop's conferences, individual dioceses and religious institutions. Many of you won't be surprised by what's in drafts of this document because of the rich and longstanding commitment that your institutions have made to aligning the ways in which you manage your assets with the missionary charisms and priorities of your congregations. Your experience as well as the experience of believers from other faith traditions has already played an important role in verifying that the integration of beliefs and values into the investing process does not mean the sacrifice of financial return while at the same time achieving significant social and environmental return in the process. This is approach is wholly consistent with the message of the encyclical *Laudato Si* that has been so well received by faith and business communities.



This encyclical and projects, like the one undertaken by the Vatican, is a cause for gratitude and celebration because it elevates and amplifies the voice and presence of the church in venues across the world where the issues that many of you have worked very hard on for a number of years are debated. This has been an important part of your mission here at SRIC, the extended community of ICCR and the mission of many other faith traditions. I think this history and the Catholic Social Teaching tradition and the encyclical *Laudato Si* provide a great foundation for the guidelines that are being prepared for the Vatican and subsequently for asset management professionals at Catholic institutions. Today this work embraces the broad spectrum of human rights that have been adopted by the United Nations as well as the care and cultivation of the environment, "our common home" that was highlighted by Pope Francis. The opioid crisis and genetically modified organisms, climate change and access to potable water are also priorities. Work with extractives companies including those in the oil, gas and mining sector and about health care so are an important part of those conversations and activities.

Oeconomicae et Pecuniariae Quaestiones; Economic and Financial Questions

There is another document, that I am told will see the light of day very soon (was subsequently published in May 2018) that is a compilation and consolidation of Pope Francis's thinking and teachings on the economic and financial questions, on money and on the global financial system. It is significant that this document is being developed by the Congregation for the Doctrine of the Faith and therefore will serve to locate these teachings at the heart of the church's teaching tradition. This is in some ways reminiscent of the manner in which the Second Vatican Council located the social mission of the church at the center of the church's mission and an integral dimension of evangelization. While we know that the Catholic Social tradition has frequently presented guidance on any number of questions about the operation of the global financial system, the perspective of the tradition on the benefits and deficits that flow from economic growth, the integration of the financial system that has resulted from globalization and the efforts to harmonize and coordinate financial regulation as well as the flows of goods, capital and peoples will be studied by many practitioners. Many of these economic and financial questions operate underneath the surface of the issues that SRIC is involved in or anybody who's involved in faith consistent investing. They will also speak to anyone who's involved in considering and trying to understand the operations of the financial system and the regulatory debates that are considered in Congress and other legislative bodies and adopted and enforced by different regulators. The document will lay out a vision of a financial system and articulate some guiding principles going forward. I suppose somewhere, between what we often talk about as free market capitalism and a more centralized social economy that is being debated and discussed in many places these days, is a topic and issue that the church has often written about. Many are hoping that this document will offer more clarity on some of the specific issues that were deemed to be at the heart of the near global financial calamity in 2018. I think that this document will be a rich resource for the kind of work that you at SRIC do, and that anybody involved in financial services and asset management ought to be paying attention to.

Amazon, Alphabet, Apple, Microsoft, and Google

I wanted to mention one other issue before I close because it is very current and very important. It is also one of the topics that we have been wrestling with at ICCR recently and it was highlighted this past week for us in Washington; the operating principles and activities of the five of the biggest tech companies: Amazon, Alphabet, Apple, Microsoft, and Google. What social purpose do they serve? What is the relationship between the kind of services and products that they operate or produce and human right, the environment and the wellbeing of human communities across the world. How important and how pivotal an issue this is and how important it is not just for investors whether to invest in Apple or Amazon or Microsoft is important in its own right, but it also opens up a whole other set of questions for the faith consistent and socially responsible investing community.



When you think alone about the fact that Facebook has a market capitalization of about \$580 billion dollars with 20,000 employees, that's double the size of the market capitalization of Walmart—with about 1.1 million employees in the United States. How much do we know about and understand what these five giants in the tech/communications industry? I'm sure you heard Mr. Zuckerberg assure senators and congressmen that they were hiring 20,000 more people in the coming months to handle the questions related to Cambridge Analytica scandal and the broader issues of user privacy, "fake news" and exploitation of the tools and services that they have developed. I think largely—what is the added value? what is the product? what is the good that Facebook has created relative to society? Mr. Zuckerberg started out by saying he created Facebook to do two things—he wanted to bring people together and build community starting in his dorm in Harvard. However, we also know that, in a very short amount of time, this company has grown to its present size and has any number of people are engaged in manipulative and abusive practices on others and other questions and concerns about privacy, freedom and illegal activities.

The second thing I want to say about it is very simply that I know this is probably going to convince some of you to not look at Facebook. I encourage you to at least not to let this present controversy push you away from in terms of its capacity and in terms of its utility and in terms of what it may bring to the kind mission that I know most of the organizations in this room are involved in. It is indeed a very important and significant tool like all tools and all technology and can be used for good and purportedly used to disrupt and to create confusion, but it does need our attention. It does need us to engage, it does need us to think about the kind of questions that are out there, as it has, I think, made a lot of people think about that data—how much they reveal on which they put on there, what kind of walls need to be built between some of the things that are shared and not

shared, that's fine. But it does create these other levels of community and communication and establish new and vibrant networks that are extremely important. Aside from that, I think as I have said, the Facebook and Walmart comparison may be an entrance into the kinds of questions that many of you are reflecting on regularly like; how wealth and value are created and what corporations bring to society—how we measure it and how we value it.

SRIC Annual Educational Event

April 12th, 2018

“Ethics at the Health Care Crossroads: An Investment Dilemma”

Participants

Donna Meyer, Ph.D., Director of Shareholder Advocacy at Mercy Investment Services

Elizabeth Lutz, Executive Director at The Health Collaborative

Jason Rosenfeld, MPH, Assistant Director of Global Health at the UTSC San Antonio

Robert L. Ferrer, MD, MPH, Professor and Vice Chair for Research UTHSC San Antonio

Rev. Séamus Finn, OMI, Chief of Faith Consistent Investing at the Missionary Oblates of Mary Immaculate

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Virgin Mary

*Rev. Séamus Finn,
OMI, speaks at
SRIC's 2018 Annual
Educational Event*



*From Left to Right: Jason Rosenfeld, MPH, Assistant Director of
Global Health at the UTSC San Antonio and Robert L. Ferrer, MD,
MPH, Professor and Vice Chair for Research UTHSC San Antonio*



*From Left to Right: Corinne Francis, M.A., M.Div., System Vice
President Mission Integration at CHRISTUS Health and
Elizabeth Lutz, Executive Director at The Health Collaborative*



*Donna Meyer, Ph.D.,
Director of Shareholder
Advocacy at Mercy
Investment Services
speaks at SRIC's 2018
Annual Educational
Event*

Roundtable On “Taking The Moral High Ground on Health Care: Religious, Global and National Perspectives”

SRIC sponsored an informative and engaging roundtable discussion on Taking The Moral High Ground on Health Care: Religious, Global and National Perspectives at the Oblate School of Theology in San Antonio, Texas on April 12th. Jason Rosenfeld, Elizabeth Lutz, and Rev. Séamus Finn, OMI, discussed the issues of providing adequate health care all over the world. Donna Meyer, moderated the discussion.

The roundtable discussion centered on the key role investors play, as they empower communities around the world, through health education, and the promotion of behavioral change. Health is a fundamental human right; therefore, to preserve that right, participants were encouraged to work collectively in the planning and the implementation of community health care services. This discussion shed light on the importance of having investors collaborate with local health organizations as a way to proactively create, health care solutions that are accessible and sustainable.





Socially Responsible Investment Coalition

285 Oblate Drive
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Inspired by Faith — Committed to Action Since 1982

Join SRIC in creating a more just and sustainable world through corporate responsibility. We can reach our goals with your financial support!

Our Goals

- To educate members about social issues relating to corporate accountability and responsibility.
- To effect changes in corporate policy through a variety of strategies, including dialogue and filing shareholder resolutions.
- To use networks provided by membership in ICCR for research information, analysis and action strategies.
- To direct inquiries toward resources for monitoring portfolios for selected issues of concern.

Our Membership Levels

INSTITUTIONAL \$2,500

ASSOCIATE \$500

INDIVIDUAL \$100

Our Focus Areas

- Corporate Governance
- Environment
- Financial Practices and Risk
- Food Safety and Sustainability
- Health — Domestic & Global

Membership Services

Our services include assisting members with their corporate shareholder engagements through dialogues and resolution filling assistance, based on the support level. We also provide corporation research, reports & updates on our focus areas, an annual educational event and networking opportunities.

All donations to support our essential work are welcomed

For more information on how you can support our work through membership please contact Anna Falkenberg, PhD, Executive Director via e-mail: afalkenberg@srlic-south.org or by phone: **210.344.6778**
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