

SRIC Annual Report

Socially Responsible Investment Coalition

JUSTICE AND PEACE THROUGH CORPORATE RESPONSIBILITY

July 2019 – Volume 38

285 Oblate Drive
San Antonio,
Texas 78216

Phone: 210.344.6778

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

Providence Trust

Sisters of Charity of the Incarnate Word
Houston, Texas

Sisters of Charity of the Incarnate Word
San Antonio, 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

As we review our fiscal year, we realize how much work we do to foster corporate responsibility in many key areas. For many of us, the work we do as SRIC is living out our prophetic call to speak truth to power as we work for a healthy planet and productive lives for all people especially those who are living in vulnerable communities.

We are especially thankful for active members in our coalition who collectively provide leadership through collaborative work with ICCR and its global partners. Here's a list of the 2019 shareholder actions lead by SRIC members from **Mercy Investment Services**, **Dana Investment Advisors**, **Missionary Oblates of Mary Immaculate**, and the **Congregation of Benedictine Sisters, Boerne, Texas**:

AES Corporation	Dine Brands Global, Inc.	Mylan Laboratories, Inc.
Allergan, Inc.	DowDuPont	Nestle S.A.
Amazon.com, Inc.	DTE Energy	Newmont Mining Corporation
AMERCO	Duke Energy Corp.	Old Dominion Freight Line
AMEREN (Union Electric)	Eli Lilly and Company	Olin Corporation
American Airlines Group	Endo International PLC	Penske Automotive Group
American Outdoor Brands	Ford Motor Company	Procter & Gamble Company
Amgen, Inc.	Freeport-McMoRan Copper & Gold	Roche Diagnostics
Antero Resources	General Dynamics Corporation	Saia LTL Freight
Armstrong Flooring, Inc.	GEO Group Inc.	Sanofi
Aura Minerals	GlaxoSmithKline PLC	Sears Holdings Corp.
Bank of America Corp.	Goldman Sachs Group, Inc.	Southwest Airlines Co.
Barrick Gold Corp.	Home Depot, Inc.	Sturm Ruger & Company, Inc.
Bayer AG (Monsanto)	Kellogg Company	Sysco Corp.
Bed Bath & Beyond Inc.	Kroger Co.	Teva Pharmaceuticals
Biogen, Inc.	Lockheed Martin Corporation	TripAdvisor, Inc.
Bristol-Myers Squibb	Lowes	Tyson Foods, Inc.
Cardinal Health, Inc.	Macy's, Inc.	U.S. Xpress
Caterpillar Inc.	Mallinckrodt Group, Inc.	United Continental Holdings
Chesapeake Energy Corp.	Marathon Petroleum	United States Steel Corp.
Choice Hotels International	Marriott International, Inc.	Vale S.A.
Coca-Cola Company	Marten Transport, Ltd.	Valero Energy Corporation
Darden Restaurants, Inc.	McDonald's Corp.	Walgreens Boots Alliance
Dean Foods Company	Mondelez International, Inc.	Williams-Sonoma, Inc.
Delta Air Lines, Inc.	Morgan Stanley	Wyndham Worldwide Corp.
Dicks Sporting Goods Inc.	Motorola Solutions Inc.	XPO Logistics

On behalf of several SRIC members, I lead initiatives with **Skechers USA** on addressing forced labor in global supply chains, with **Pilgrim's Pride** on water impacts of business operations and with **General Mills** on Access to Nutrition. We are also exploring a new project on investigating health impacts of methane emissions.

Our popular Annual SRIC Educational Event in April addressed **Housing Justice: Dream or Reality? Investing in affordable housing so that everyone has a place to call home**. We were privileged to host an inspiring group of participants covering a range of perspectives including **Rev. Séamus Finn**, **OMI**, **Sister Jane Ann Slater**, **CDP**, **Christine Drennon, Ph.D.**, **María Antonietta Berriozábal**, **Bob Comeaux** and **Fr. Rufus Whitley, OMI** (see more on the event in this Report).

SRIC will host a delegation of ICCR members coming to San Antonio, who are interested in immigration reform. They will be participating in dialogue with a representative of CoreCivic on a Human Rights Risk Assessment and Social Responsibility Report. During their stay, delegates plan to tour the South Texas Family Residential Center, located in Dilley Texas.

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 11, 2018

Sister Martha Ann Kirk, Th.D., of the Congregation of the Sisters of Charity of the Incarnate Word and the University of the Incarnate Word, made a presentation to the board members on divesting from weapons. She introduced a tool called Weapon Free Funds, which allows investors to find out if their mutual fund investments are being used to finance makers of military weapons and civilian firearms, and to find alternative, socially-responsible options that avoid the war economy.

November 13, 2018



Anna Falkenberg, Ph.D., Executive Director of Socially Responsible Investment Coalition (SRIC) presented “Why We Do What We Do”, a slideshow summary of issue areas covered at the ICCR meeting from October 1 thru 5, 2018. Areas discussed during the presentation included: Human Rights—the people part of sustainable development and the relationship between human rights and the UN Guiding Principles; Health—Pharma asks and resolutions on pricing and other topics; Water—ecological impacts and sources of impacts; Deforestation—Mapping Responsibility, Food—pressure on industrial meat; and Climate Change Campaigns—Just Transition, methane and the Amazon Big Tent Campaign.

February 12, 2019



Susan R. Sheeran, Past President of Merced Housing Texas, gave a presentation titled “Merced Housing Texas: A Healthy Transition”. Susan gave a historical overview of Merced Housing Texas and discussed the various programs the organization offers to the San Antonio area and adjacent counties. Susan provided many examples of how Merced Housing Texas has grown over twenty years “changing homes, changing neighborhoods and changing lives.”

May 9, 2018



Rev. Wyndee Holbrook (left), Project Coordinator of Interfaith San Antonio Alliance (ISAA) and Judith T. Lackritz (right), ISAA Board Member, talked with us about ISAA. The current focus of ISAA is to “is to work in our own and with other faith communities, with the city and other community partners, and with residents of economically distressed neighborhoods to alleviate problems of homelessness, to facilitate affordable housing efforts, to advance compassionate and equitable gentrification, to mitigate displacement of residents, and to expand opportunities for stable home ownership in San Antonio.”

Upcoming SRIC Board Meetings 2019—2020

Tuesday, September 17, 2019
Tuesday, November 12, 2019
Tuesday, February 11, 2020
Tuesday, May 12, 2020

Mark your calendars!

SRIC Board Officers



Sr. Veronica
Cahill, SHSP
Board Chair



W. Esther Ng
Treasurer



Sr. Patricia
Regan, CDP
Secretary

2019 Proxy Season Successes

HUMAN RIGHTS



Investors who have been engaging **Kraft**

Heinz for several years to promote increased human rights commend the company for the development of a Global Human Rights Policy which it published on its public website. The policy responds to a 2019 shareholder resolution filed by members of the Seventh Generation Interfaith Coalition for Responsible Investment and the Interfaith Center on Corporate Responsibility requesting a report on Kraft Heinz's process for identifying and analyzing potential and actual human rights risks in its operations and supply chain. Shareholders withdrew the resolution in exchange for the company's commitment to publish a human rights policy and implement a due diligence process. The Kraft Heinz Global Human Rights Policy is guided by internationally recognized standards, including the United Nations Guiding Principles on Business and Human Rights, the International Bill of Human Rights and the principles set forth in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

DRUG PRICING



As the cost of medicines continues to rise, straining the U.S. health care system and endangering the lives of millions of patients who can no longer afford their basic medicines, shareholders have pressed pharma

companies to reassess their business models, policies and practices to help solve the crisis. Sky-rocketing drug prices hurt not only patients, the investors argue, they present long-term reputational and financial risks to manufacturers that are material to shareholder value. In 2019, resolutions were filed at **AbbVie; Biogen; Bristol-Myers Squibb; Celgene; Eli Lilly; Johnson & Johnson; Merck; Pfizer** and **Vertex** on a range of governance topics, including board oversight of drug pricing risk, a report on how executive compensation structures may be linked to - and therefore driving - drug price hikes, and a report on drug companies' anti-competitive practices to delay patent-sharing with lower cost generics' manufacturers. While the resolutions all received votes ranging from 21 - 29%, investors say they will continue to use their leverage to encourage companies to review their policies and practices with an eye to mitigating the risks pricing presents to their businesses, and to increase the access and affordability of medicines for their customers.

CARBON EMISSIONS



Shareholders of **Madison Gas and Electric** and members of the Interfaith Center on Corporate Responsibility who have been engaging the company to set more ambitious

GHG reduction targets, were gratified by the company's announcement that it had set a new goal of net-zero carbon electricity by 2050. ICCR members had called on the company to report on the physical and transition risks and opportunities associated with climate change based on the Theoretical Cumulative Distribution Function (TCDF) recommendations, including setting ambitious targets, consistent with the Paris Climate Agreement. A resolution was filed for the 2019 proxy, but later withdrawn, as a result of a productive engagement with the company. Shareholders say in future dialogue with Madison Gas and Electric they will be closely monitoring the implementation of the new targets and will be encouraging the company to ensure that its policies and practices reflect a just transition that protects Madison Gas and Electric workers and prioritizes energy access and affordability for its customers.

HUMAN RIGHTS



At the annual meeting for **Northrop Grumman**, preliminary calculations of

approximately 24% of shareholders cast votes in favor of a resolution calling for a report on how the company is implementing its human rights policy. The resolution was prompted by ongoing investor concerns over the human rights impacts of Northrop Grumman's core defense businesses as well as newer, lesser-known businesses developing technologies that may enable increased surveillance of immigrant communities, including a contract with the Department of Homeland Security to build a database that will house sensitive biometric and biographical data. The resolution called on Northrop Grumman to assess the human rights impacts of their business activities, consider human rights risks when vetting potential contracts, mitigate potential harm when carrying out contracts, consult with potentially impacted stakeholders and provide remedy when rights are violated.

2019 Shareholder Resolutions Voting Results

ABBVIE

Board Oversight/ Drug Pricing—Withdrawn by Filer
Mercy Investment Services

ALPHABET

Censored Google Search in China—2.17%
Missionary Oblates of Mary Immaculate

AMERICAN INTERNATIONAL GROUP

Climate Change Scenario Analysis—Withdrawn
Mercy Investment Services

AMERISOURCE BERGEN

Board Oversight/ Risks Related to the Opioid Crisis—Withdrawn by Filer
Mercy Investment Services;
Oblate International Pastoral Investment Trust

ANTERO RESOURCES

Business Plan for 2C Warming Scenario
Mercy Investment Services

AT&T

Lobbying Expenditures Disclosure/ Climate—Withdrawn by Filer
Dana Investment Advisors

BANK OF AMERICA

Lobbying Expenditures Disclosure—Withdrawn
Dana Investment Advisors

BIOGEN

Senior Executive Incentives/ Integrate Drug Pricing Risk—Withdrawn
Mercy Investment Services

BRISTOL-MYERS SQUIBB

Senior Executive Incentives/ Integrate Drug Pricing Risk—Withdrawn
Mercy Investment Services

CATERPILLAR

Business Activities in Conflict-Affected Areas—7.77%
Congregation of Benedictine Sisters, Boerne, TX
Mercy Investment Services

CENTURYLINK

Lobbying Expenditures Disclosure—36.19%
The American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)

CHEVRON

Human Right to Water—32.20%
Congregation of Benedictine Sisters, Boerne, TX
Congregation of Divine Providence, San Antonio, TX
Paris-Compliant Business Plan—Omitted
Mercy Investment Services
No Business with Governments Complicit in Genocide, Burma—Withdrawn
Dana Investment Advisors

CITIGROUP

Fiduciary Oversight on Matters Affecting Human Rights—Withdrawn
Mercy Investment Services

DTE ENERGY

Political Contributions—33.56%
Mercy Investment Services

DUKE ENERGY

Lobbying Expenditures Disclosure—36.60%
Mercy Investment Services

ELI LILLY AND COMPANY

Senior Executive Incentives/ Integrate Drug Pricing Risk—Withdrawn
Mercy Investment Services

EMERSON

Greenhouse Gas Reduction/ In Line with Paris Goals—Withdrawn by Filer
Mercy Investment Services

EXXONMOBIL

Greenhouse Gas Reduction/ In Line with Paris Goals—Omitted
Mercy Investment Services
Missionary Oblates of Mary Immaculate
Independent Board Chair—40.80%
Congregation of Benedictine Sisters, Boerne, TX
Lobbying Expenditures Disclosure/ Climate—37.30%
Congregation of Divine Providence, San Antonio, TX
Dana Investment Advisors

FACEBOOK

Independent Board Chair—20%
Congregation of Divine Providence, San Antonio, TX
Dana Investment Advisors

FORD MOTOR

Political Contributions—18.82%
Mercy Investment Services

GENERAL MOTORS

Lobbying Expenditures Disclosure/ Climate—29.50%
Congregation of Benedictine Sisters, Boerne, TX
Mercy Investment Services

GEO GROUP

Immigrant Detainees/ Human Rights Policy Implementation—87.90%
Mercy Investment Services

HOME DEPOT

Workplace Diversity—33.08%
Congregation of Benedictine Sisters, Boerne, TX
Congregation of Divine Providence, San Antonio, TX
Providence Trust

2019 Shareholder Resolutions Voting Results

HONEYWELL INTERNATIONAL

Lobbying Expenditures Disclosure—40.70%
Mercy Investment Services

INTERNATIONAL BUSINESS MACHINES (IBM)

*Lobbying Expenditures Disclosure/
Climate—Withdrawn by Filer*
Mercy Investment Services

J.P. MORGAN CHASE & CO.

Lobbying Expenditures Disclosure/ Climate—Withdrawn
Congregation of Divine Providence, San Antonio, TX
Dana Investment Advisors
Mercy Investment Services
Providence Trust

JOHNSON & JOHNSON

Anti-Competitive Practices—Withdrawn by Filer
Congregation of Benedictine Sisters, Boerne, TX
Mercy Investment Services

KRAFT HEINZ

*Identifying Human Rights Risks in Operations and
Supply Chain—Withdrawn*
Mercy Investment Services

MACY'S

*Identifying Human Rights Risks in Operations and
Supply Chain—40.65%*
Mercy Investment Services
Political Contributions—53.06%
Mercy Investment Services

MALLINCKRODT GROUP

Board Oversight/ Risks Related to the Opioid Crisis—78.86%
Congregation of Divine Providence, San Antonio, TX
Mercy Investment Services

MCDONALD'S

*Phase Out Medically Important Antibiotics in
Supply Chain—Withdrawn*
Congregation of Benedictine Sisters, Boerne, TX

MERCK & CO.

*Senior Executive Incentives/ Integrate Drug
Pricing Risk—29.07%*
Mercy Investment Services

MONDELEZ INTERNATIONAL

Political Contributions—Withdrawn
Mercy Investment Services

MOTOROLA SOLUTIONS INC

Lobbying Expenditures Disclosure—37.60%
Mercy Investment Services

Mylan N.V.

*Board Oversight/ Risks Related to the
Opioid Crisis—Withdrawn*
Mercy Investment Services

PEPSICO

*Environmental Impacts of Non-Recyclable
Packaging—Withdrawn*
Mercy Investment Services

PFIZER

Independent Board Chair—26.84%
Dana Investment Advisors
*Senior Executive Incentives/ Integrate Drug
Pricing Risk—Won at SEC*
Mercy Investment Services

PHILIP MORRIS

*Review Corporate Adherence to
Youth Marketing Principles—Withdrawn by Filer*
Congregation of Divine Providence, San Antonio, TX

PILGRIM'S PRIDE CORP

Water Impacts of Business Operations—14.50%
Mercy Investment Services
Oblate International Pastoral Investment Trust

SOUTHWEST AIRLINES

Develop a Human Rights Policy—Withdrawn by Filer
Congregation of Divine Providence, San Antonio, TX
Mercy Investment Services
Providence Trust

STURM RUGER & COMPANY

Develop a Human Rights Policy—Withdrawn
Mercy Investment Services

TEVA PHARMACEUTICALS

*Board Oversight/ Risks Related to the
Opioid Crisis—Withdrawn*
Mercy Investment Services

TYSON FOODS

Lobbying Expenditures Disclosure—11.20%
Mercy Investment Services

UNITED PARCEL SERVICE

Lobbying Expenditures Disclosure/ Climate—20.17%
Mercy Investment Services

VERIZON COMMUNICATIONS

Lobbying Expenditures Disclosure—Withdrawn
Mercy Investment Services

WALGREENS BOOTS ALLIANCE

Board Oversight/ Risks Related to the Opioid Crisis—60%
Mercy Investment Services
Missionary Oblates of Mary Immaculate

WYNDHAM WORLDWIDE

Political Contributions—35.60%
Mercy Investment Services

YUM! BRANDS

Greenhouse Gas Reduction/ Renewable Energy—Withdrawn
Congregation of Divine Providence, San Antonio, TX
Providence Trust

2019 Corporate Annual General Meetings

Chris Cox, Associate Director of Seventh Generation Interfaith Coalition for Responsible Investment attended the **Wendy's Annual General Meeting** in Dublin, Ohio. Although the company challenged the resolution, and the Securities Exchange Commission ruled that the resolution could be omitted, Chris attended the meeting on behalf of the Capuchin Province of St. Joseph so as to make a statement to the board and the company officers about their concerns in the area of human rights due diligence. Having arrived early, a member of the investor relations team took Chris to visit what had been the office of Wendy's founder Dave Thomas. He then had the opportunity to meet executives who have been on calls with them. He also had the opportunity to meet CEO Todd Penegor, board chair Nelson Peltz, and chief legal officer E.J. Wunsch, as well as other members of the board. Three items of business were conducted: a vote concerning the board of directors, a vote concerning the company's auditors, and, finally, an advisory vote concerning executive compensation. Upon the conclusion of Lilianna M. Esposito's, Chief Communications Officer remarks, the floor was opened to general questions and comments. First, Kerry Kennedy, daughter to the late Robert F. Kennedy, spoke in favor of the Coalition of Immokalee Workers (CIW) and the Fair Food Program.



Donna Meyer, Director of Shareholder Advocacy at Mercy Investment Services

Services attended **ConocoPhillips Annual General Meeting** on behalf of **Boston Common Asset Management**. She asked questions about the company's plan for addressing Climate Action 100+. Ryan Lance, Chairman and Chief Executive Officer assured attendees that it is a priority for the company to address climate related issues. Several of the Board Members from European countries approached Donna after the meeting to encourage her to continue advocacy on this issue.



WASTE CONNECTIONS, INC.

Share Canada asked **Donna Meyer, Director of Shareholder Advocacy at Mercy Investment Services**

to attend the **Waste Connection Annual General Meeting** to represent the **British Columbia Teachers Federation**. Their proposal passed with 64.49% of the vote. The proposal asked the board to adopt and publish a formal, written diversity policy; and to report to shareholders on the Board's plans for increasing gender diversity among the executive and directors and on gender balance across the company. It was a small meeting with Board Members on the phone rather than in person. They said Donna was the very first shareholder to attend one of their meetings. Company officers assured her that they intended to comply and that while she was very welcome to come to future meetings, but they expected it to be for another cause. The CEO said that as part of their merger with a Canadian company, they agreed to reincorporate in Canada. He reflected on finding Canadian shareholders to be long term holders of the company rather than short term traders like in the U.S.

Ann Roberts, Environmental, Social and Governance (ESG) Analyst, at Dana Investment Advisors, attended the AT&T Annual General Meeting, in Dallas, Texas, on April 27. The meeting was held at Moody Performance Hall in downtown Dallas and was lightly attended. Like last year, Ann was the only one there to move a resolution or speak at all other than the executives on stage. After moving a resolution for a filer who could not attend, Ann stayed at the microphone to read a statement thanking AT&T for expanding their lobbying disclosure, and commending them on their withdrawal from ALEC. The meeting was over in 20 minutes, after which there were *Game of Throne* giveaways, photo ops, and an elaborate breakfast buffet.



at&t

2019 Corporate Annual General Meetings



Sr. Susan Mika from the **Benedictine Sisters of Boerne, Texas**, attended **McDonald's Annual General Meeting**, in Dallas, Texas, on May 23. At the meeting, the groups had withdrawn the shareholder resolution,

asking the company to adopt an enterprise-wide policy to phase out the use of medically important antibiotics for disease prevention purposes in its beef and pork supply chains. Shortly after they filed, the company did publish a policy on beef. A few months later, the Benedictine Sisters agreed to withdraw the resolution, meet with the company twice in the near-term and have a statement at the annual shareholders meeting. Sister Susan attended the meeting in the airport in Dallas, as the company tried to prevent any demonstrators from being close to the area of the meeting.

Sean McLeod,
Portfolio Manager
and Analyst of Dana



Investment Advisors and **Donna Meyer**, **Director of Shareholder Advocacy at Mercy Investment Services** attended the **AbbVie Annual General Meeting**, which took place in Chicago, Illinois on May 3. Donna presented the Drug pricing/ Executive incentive resolution for United Church Funds (which received a 21.94% vote) and Sean McLeod presented the Lobbying Resolution for Zevin Asset Management (which received a 25.0% vote). Both arrived early as to have a considerable time to visit with Rick Gonzalez, Chairman of the Board and Chief Executive Officer at AbbVie and Jennifer Lagunas, Vice President, Governance, Legal Operations and Secretary.

Ann Roberts, **Environmental, Social and Governance (ESG) Analyst**, at **Dana Investment Advisors**, attended the **Fluor Annual General Meeting**, in Irving, Texas, on May 2. Ann moved a resolution on behalf of a filer who could not attend the meeting. The meeting was held at corporate headquarters. She was greeted by courteous staff who had been there last year. The shareholder resolution



she moved was the only one on the ballot.

Ivy Jack, **Head of Equity Research at Northstar Asset Management**, represented the **Benedictine Sisters of Boerne, Texas** and **other co-filers** at **Home Depot's Annual General Meeting**, in Atlanta Georgia, on May 23. The resolution submitted by the Benedictine Sisters of Boerne, Texas on Workplace Diversity/Equal Employment Opportunity (EEO), requested that the Board review the company's policies regarding disclosure of equal employment opportunity data (known as EEO-1 data), and public reporting of diversity issues to shareholders. The reports published by the company did not give a chart identifying employees by gender and race in each of the EEOC defined categories. To manage diversity, companies have to be able to measure it. An EEO report is submitted annually by Home Depot to the Equal Employment Opportunity Commission. Providing data to shareholders would not pose an added financial burden. The company actually did provide the information for one year and then stopped. In the absence of meaningful disclosure, investors cannot fully assess potential risks Home Depot faces, nor for that matter, fully identify successful diversity efforts. The resolution (in the preliminary vote) received 33%. This is down from the 48% last year.



Chris Cox, **Associate Director of Seventh Generation Interfaith Coalition for Responsible Investment** (along with

Frank Sherman, Executive Director of **Seventh Generation Interfaith Coalition for Responsible Investment**), presented a resolution with **Macy's** on behalf of the Priests of the Sacred Heart, US Province, requesting a report on their process for ensuring that no vendor is engaged in forced labor (their Byzantine supply chains are the reason their clothes are so cheap and the company is so profitable). Since someone needed to be present to "move" the proposal, **Chris Cox** and **Mark Peters**, **Director of Justice, Peace and Reconciliation, Priests of the Sacred Heart, US Province** attended the meeting, which was held in Cincinnati, Ohio, on May 17. *In the end, the proposal received 40% of the vote.*

Our Issues In The News

CLIMATE CRISIS

Through shareholder engagements with other investors, SRIC hopes to increase investments in the development of more sustainable forms of energy production, and raise awareness on how greenhouse gas emissions pose serious risks to the health of communities.

According to Reuters, Britain's biggest asset manager, Legal & General Investment Management (LGIM), has divested ExxonMobil because it refused to report on its greenhouse gas emissions. As part of its Climate Impact Pledge, LGIM has sought to engage with the largest companies in the oil and gas, mining, electric utilities, autos, food retail and financial sectors on climate change. Exxon said it was committed to improving efficiency and mitigating greenhouse gas emissions in its operations and that it discloses its so-called scope one and scope two emissions. Scope one encompasses direct emissions from a company's operations which it can control, while scope two relates to indirect emissions from the electricity used by a company.



Strong policies and regulations that drastically reduce carbon emissions are needed to avoid irreversible impacts on the environment. Concerned investors are using their leverage to intervene whenever they can to request that corporations disclose the environmental impacts of their operations.

RACIAL JUSTICE

SRIC recognizes the importance of building awareness, solutions, and leadership for racial justice. Through shareholder engagements, SRIC hopes to promote the creation and implementation of policies and practices designed to foster racial and social justice.

Sephora, a chain of personal care and beauty stores, closed all its US stores, distribution centers and corporate office for an employee training session on June 5, weeks after a racial profiling incident involving Grammy-nominated singer SZA. According to SZA, security was called to make sure she wasn't stealing.



Sephora said in a statement that the decision to create their 'We Belong to Something Beautiful' training had been in the works for a year and that the training was not a direct result of the incident with SZA. The training was designed to provide a "inclusivity workshop" for employees. The discussions "include, but are not limited to, gender identity, race and ethnicity, age, abilities, and more."

SRIC is committed to educate companies on the negative implications derived from a lack of social justice policies.

NUTRITION

Some 170 million children are overweight worldwide while one in eight people in the world are estimated to suffer from chronic hunger. SRIC, as a member of ICCR joins other investors currently engaging many of the largest publically-held food, beverage, restaurant, retail, and media companies to highlight the risks and opportunities they face around the public health issues of obesity and undernutrition. Through collaborative shareholder engagements, SRIC works diligently to encourage companies to create strong nutrition policies, improve the nutritional profiles of their product portfolios, market food products responsibly, and increase access to healthy choices.



Recently, the Kellogg Company unveiled its next-generation commitment to address global food security. Through an effort called "Breakfast for Better Days", the company plans to help end hunger and drive positive change for 3 billion people by the end of 2030. The company hopes to nourish 1 billion people with its foods, feed 375 million people in need through food donations/feeding programs, and conserve natural resources all along the value chain, from responsibly sourcing ingredients and reducing food waste, to providing recyclable, reusable or compostable packaging.

SRIC is committed to establish dialogues with food companies in an effort to demonstrate that nutrition is part of the broader responsibility of food companies to ensure sustainability and justice across all their operations, from responsible sourcing of ingredients to providing safe working conditions at all levels of the value creation chain.

HUMAN RIGHTS

Low-cost goods often come at the expense of workers, who work under unsafe conditions, receive unsustainably low wages and have no collective bargaining rights. SRIC along with other ICCR members has been working with companies across all sectors to eradicate human rights abuses in their operations and supply chains.

According to a report recently published by KnowTheChain, Adidas and Lululemon are some of the companies that pay close attention to recruitment and migrant worker protections. Adidas, for instance, conducts training on ethical employment practices for 100 suppliers in Vietnam, Indonesia, China, and Taiwan. Lululemon has worked hard to ensure that workers in its supply chains get all of their identification documents, including passports, returned to them once they are hired or when they resign. Both of these companies have eliminated recruitment agencies from their supply chains altogether, requiring factories to hire workers directly.

Through company engagements with companies in the garment and footwear industry, SRIC works to bring to light the enormous human, financial and reputational risks and implications faced by organizations when formal human rights policies aren't adopted and properly managed.



Our Issues In The News

WATER STEWARDSHIP

It is crucial that corporations measure, report and disclose their water consumption and disposal activities. 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, and improper disposal of human waste are contributing to water crises around the world.



USA Today recently published an article which describes how Bayer, the German multinational pharmaceutical and chemical company, became the world's largest supplier of seeds and agricultural chemicals after it acquired seed maker Monsanto. Pesticides like the ones produced by Bayer are a key source of water pollution which is generated by agricultural runoff.

It is imperative that corporations like this one leverage their expertise, influence, and resources to promote water stewardship in key areas of their operations. SRIC is committed to work closely with corporations as they incorporate water risk assessments into business decisions. SRIC with other engaged investors encourages companies to prepare human rights impact assessments for water stressed areas and establish procedures to assess and report on impacts, engage with affected individuals and communities on an ongoing basis, and mitigate and remedy impacts.

DRUG PRICING

One in four families report difficulty in paying for their prescriptions, and a staggering 19 million Americans or 8 percent of the population are purchasing their medicines overseas due to high drug prices. SRIC advocates for reforms that will promote drug pricing transparency as well as the improvement of access and affordability of health care.

On June 14, drug manufacturers Merck, Eli Lilly and Amgen sued the

administration to block a rule that would force them to put the price of their drugs in television advertisements. The lawsuit argues that the rule is illegal because it violates the companies' First Amendment rights. It also claims that the ad disclosures, which



require drug manufacturers to include the list price of any drug that costs more than \$35 a month, could mislead consumers because insurers often cover the bulk of a drug's cost. The pharmaceutical industry insists that restrictive pricing policies will have a detrimental impact on their ability to generate innovation.

Johnson & Johnson (J&J) on the other hand, recently became the first firm to voluntarily disclose a drug's list price in its ads for the popular blood thinner Xarelto. To mitigate some of the concerns listed in the new pharma lawsuit against the mandatory disclosures, J&J decided to list both the list price and the common out of pocket costs usually owed by consumers.

GUN VIOLENCE

Gun violence in the U.S. is both a public health and human rights crisis with extraordinary and escalating human and economic costs. Through engagements, SRIC, as a member of an ICCR coalition, hopes to stop the sale, production, design or conversion of military style semi-automatic assault weapons and associated accessories. SRIC works towards the implementation of comprehensive gun safety laws and policies.

According to Bloomberg, Salesforce.com, the leader in customer relationship management software, updated its Acceptable Use Policy in April, and now bars its customers from selling certain types of firearms using the e-commerce tools on its platform. The revised document includes the following passage under the Prohibited Actions subhead: "Worldwide, customers may not use a service to transact online sales of any of the following firearms and/or related accessories to private citizens. Firearms: automatic firearms; semi-automatic firearms that have the capacity to accept a detachable magazine; semi-automatic firearms with a fixed magazine that can accept more than 10 rounds; firearms without serial numbers."

All companies can adopt and implement sensible policies to protect their employees, consumers and communities, and take steps to promote the enactment of laws that address the sale, access and distribution of guns.



IMMIGRATION

Companies have a responsibility to respect human rights by exercising human rights due diligence as they identify, prevent, mitigate abuses. SRIC supports investor engagements relating to how companies address the human rights impacts associated with immigration detention and family separations.

The Washington Post recently published an article disclosing that many of the unaccompanied migrant children being held in overcrowded U.S. Border Patrol facilities have been there beyond legally allowed time limits. Federal law and court orders require that children in Border Patrol custody be transferred to more-hospitable shelters no longer than 72 hours

after they are apprehended. According to government officials, the majority of the children in custody have been with the Border Patrol for longer than 72 hours. According to government data, U.S. Customs and Border Patrol has apprehended nearly 45,000 unaccompanied children since October.

It is imperative that correctional and detention management corporations with existing or potential governmental contracts implement robust human rights due diligence processes to ensure that they do not contribute to human rights violations or become directly linked to violations through their business operations.



2019 SRIC Annual Event — Housing Justice: Dream or Reality? from the Historical Intersection of Moral and Legal Perspectives on Housing Rev. Séamus Finn, OMI

UN Declaration of Human Rights 1948: Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

United States Catholic Conference:

01—The Right to a Decent Home: A Pastoral Response to the Crisis in Housing (1975).

02—Policy Statement: Housing(Catholic Charities USA). Housing: The Third Human Right (Washington, D.C.: USCC Campaign for Human Development, 1985).

03—Economic Justice for All: Pastoral Letter on Catholic Social Teaching and the U.S. Economy 1986), # 61-95

Pontifical Council for Justice & Peace (PCJP): Churches, community groups, the private sector, and state and local governments must all do more to meet our common responsibilities for housing. We must recognize the homeless person as part of the human family, as part of us. However, there is no substitute for an involved, competent, and committed federal government providing resources, leadership, and direction for a broad and flexible attack on homelessness and poor housing.

PCJP 1988: “Political authorities, religious leaders and, in general, public opinion all recognize that a situation in which millions of human beings lack adequate housing is a serious problem. . . . A fundamental human right is, in reality, being violated. An adequate response to such a large-scale problem calls for the shaping of a consistent political will, as well as increased awareness of the collective responsibility of all, and particularly of Christians, for the future of society.” “What have you done to your homeless brother?”

Laudato Sí Pope Francis 2015: Lack of housing is a grave problem in many parts of the world, both in rural areas and in large cities, since state budgets usually cover only a small portion of the demand. Not only the poor, but many other members of society as well, find it difficult to own a home. Having a home has much to do with a sense of personal dignity and the growth of families. This is a major issue for human ecology. In some places, where makeshift shanty towns have sprung up, this will mean developing those neighborhoods rather than razing or displacing them. When the poor live in unsanitary slums or in dangerous tenements, “in cases where it is necessary to relocate them, in order not to heap suffering upon suffering, adequate information needs to be given beforehand, with choices of decent housing offered, and the people directly involved must be part of the process”. At the same time, creativity should be shown in integrating rundown neighborhoods into a welcoming city: “How beautiful those cities which overcome paralyzing mistrust, integrate those who are different and make this very integration a new factor of development! How attractive are those cities which, even in their architectural design, are full of spaces which connect, relate and favor the recognition of others!” #152, 2015



2019 SRIC Annual Event — Housing Justice: Dream or Reality? Statements on Economic Justice for All Fr. Rufus Whitley, OMI



US Catholic Background—1986: Every perspective on economic life that is human, moral, and Christian must be shaped by three questions: What does the economy do for people?, What does it do to people?, And how do people participate in it? (Economic Justice For All, 1986 pg. 1). Every economic decision and institution must be judged in light of whether it protects or undermines the dignity of the human person. Human dignity can be realized and protected only in community. All people have a right to participate in the economic life of society. All members of society have a special obligation to the poor and vulnerable. Human rights are the minimum conditions for life in community. Society as a whole, acting through public and private institutions, has the moral responsibility to enhance human dignity and protect human rights. (Justice for All, 1986 pgs. 16-18)

Justice For All—1896: “Individual Christians who are shareholders and those responsible within church institutions that own stocks in U.S. corporations must see to it that the invested funds are used responsibly. Although it is a moral and legal fiduciary responsibility of the trustees to ensure an adequate return on investment for the support of the work of the church, their stewardship embraces broader moral concerns. As part owners, they must cooperate in shaping the policies of those companies through dialogue with management, through votes at corporate meetings, through the introduction of resolutions and through participation in investment decisions. We praise the efforts of dioceses and other religious and ecumenical bodies that work together toward these goals. We also praise efforts to develop alternative investment policies, especially those which support enterprises that promote economic development in depressed communities and which help the church respond to local and regional needs. When the decision to divest seems unavoidable, it should be done after prudent examination and with a clear explanation of the motives.” (Economic Justice for All pg. 354)

SRIC Annual Educational Event

April 24, 2019

“Housing Justice: Dream or Reality?”

Participants

Susan R. Sheeran
Rev. Séamus Finn, OMI
Christine Drennon, Ph.D.
María Antonietta Berriozábal
Sister Jane Ann Slater, CDP
Bob Comeaux
Fr. Rufus Whitley, OMI



EVENT SPONSORS

CATALYST

Msgr. Douglas Fater
Sisters of the Holy Spirit
and Mary Immaculate

DEFENDER

Brigidine Sisters
Dana Investment Advisors
Dominican Sisters of Houston
Interfaith San Antonio Alliance
Dr. Manuel & María Antonietta Berriozábal
Merced Housing Texas
Oblate School of Theology
Sisters of the Incarnate Word and Blessed
Sacrament—Corpus Christi, Texas
Sisters of Charity of the Incarnate Word—
San Antonio, Texas

ADVOCATE

Benedictine Sisters of Boerne, Texas
David Schilling — ICCR Staff
Gertrude Mika
Mercy Investment Services, Inc.
Michael Hymel
South Texas Money Management, Ltd.



From Left to Right: Rev. Séamus Finn, OMI, Chief of Faith Consistent Investing at the Missionary Oblates of Mary Immaculate; Sister Jane Ann Slater, CDP, Chancellor of the Archdiocese of San Antonio; Christine Drennon, Ph.D., Trinity University Professor and Director of Urban Studies; Fr. Rufus Whitley, OMI, President and CIO, Oblate International Pastoral Investment Trust; Susan R. Sheeran, Past President of Merced Housing Texas; Bob Comeaux, Retired Union Organizer; and María Antonietta Berriozábal, Former Member of the San Antonio Housing Policy Task Force



From Left to Right: Esther Ng, SRIC's Board Treasurer; and Sr. JT Dwyer, Daughters of Charity



Center Right: Sr. Mary Teresa Cullen, Brigidine Sisters, enjoying a shared moment with colleagues at SRIC's 2019 Annual Event



From Left to Right: Sr. Elizabeth Riebschlaeger, Sisters of Charity of the Incarnate Word of San Antonio, Texas; Sr. Susan Mika, OSB, Benedictine Sisters of Boerne, Texas; and Sr. Jean Durel, Sisters of Charity of the Incarnate Word of San Antonio, Texas



From Left to Right: Sr. Veronica Cahill, Sisters of the Holy Spirit and Mary Immaculate; Ron Kern, The Quantitative Group at Graystone Consulting; and Sr. Patricia Regan, Sisters of Divine Providence

At SRIC, we recognize that affordable housing is uppermost in sustaining and building healthy communities locally and globally. As faith-inspired investors, we view housing as a human right. So, we developed our event presentation as Housing Justice—Dream or Reality? Investing in Affordable Housing so that Everyone has a Place to Call Home. We were fortunate to have as partners this year, Merced Housing Texas, whose mission is to create and strengthen healthy communities by providing quality, affordable, service-enriched housing.



Socially Responsible Investment Coalition

285 Oblate Drive
San Antonio, Texas 78216

**ADDRESS SERVICE
REQUESTED**

Inspired by Faith — Committed to Action Since 1982

Join Socially Responsible Investment Coalition 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@src-south.org or by phone: **210.344.6778**
Visit our website: <https://www.src-south.org/>