

# SRIC Annual Report

## Socially Responsible Investment Coalition

JUSTICE AND PEACE THROUGH CORPORATE RESPONSIBILITY

Summer 2023 – Volume 42

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### INSTITUTIONAL MEMBERS

Benedictine Sisters

Brigidine Sisters

Catholic Diocese of Fort Worth

CHRISTUS Health

Congregation of Divine Providence

Dominican Sisters

Missionary Catechists of  
Divine Providence

Missionary Oblates of  
Mary Immaculate

Order of the Incarnate Word and  
Blessed Sacrament

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

### 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

### VISIT OUR WEBSITE

<https://sric-south.org/>

## A Message from the Director

We have a 42-year history, as faith and values-based investors - directing our shareholder advocacy to persuade companies to act on positive outcomes for society. Much of our work focuses on the need to protect our natural environment. As we think of our natural surroundings, we are drawn to trees and the knowledge that trees function in our world to make our planet habitable. And so we scatter a few green leaves throughout this Report to remind us that these innumerable small powerhouses constantly work to maintain this thriving biosphere. And inspired by our founders, we continue to work at environmental protection, preservation and justice to create a greener and healthier world.



We are also working nationally and globally on the issues you are already familiar with: fostering responsible banking and finance; addressing the climate crisis – by reduction of carbon emissions and production of alternative energy; advancing health as a human right by ensuring equitable access to medicine and nutrition; and educating our members on the human rights issues posed by advances in Information and Communication Technologies (ICT) and Artificial Intelligence (AI).



Here are some of our newest initiatives and additional critical areas:

- **Advancing worker justice through the improvement of labor conditions and wage policies** – Current engagements with **Dollar General** and **Dollar Tree** include preventing workplace violence, assuring worker safety and fair wages as well as increasing access to healthy foods for customers
- **Promoting health equity and achieve nutrition security** – Investors are dialoguing with companies including **Kraft Heinz**, **Nestlé** and **Unilever** on ultra-processed foods as dangers to health and expressing concern about safe sugar substitutes with **Coca-Cola** and **PepsiCo**
- **Securing environmental justice for communities impacted by industrial activity** – Our members learned from others working to protect the Texas Mid Coast ecology and environment, endangered by exploding industrial development at the Port of Corpus Christi – chemical plants producing more plastics, transportation suppliers exporting LNGs and building desalination plants – the many companies involved include: **Citgo**, **Valero**, **ExxonMobil**, **Occidental Petroleum**, **EOG Resources**, **Cheniere** and **Enbridge**
- **Assuring human rights for all by eliminating modern slavery and human trafficking** – Investors have engaged airlines and cruise ship lines – **American Airlines**, **Delta Airlines**, **Southwest Airlines** as well as **Carnival Cruise Lines** requesting training on trafficking prevention and the need to provide survivor support
- **Guaranteeing shareholder rights** – A large alliance of investors continues to press companies on environmental, social, and governance (ESG) concerns and respond to threats to shareholder rights in the SEC process. Increasingly investors and companies are recognizing climate risk, human rights, and other ESG concerns as material to long-term sustainability, and political opponents have mobilized an extensive and well-funded backlash to ESG.



So now more than ever, we need your continued support as we work together this season - guided by faith and committed to action to green our planet and to promote the well-being of our people.

# SRIC Member Meeting Updates

## Industrial development in the Port of Corpus Christi, Texas

Sister Elizabeth Riebschlaeger, CCVI, invited Errol Summerlin with the Coastal Alliance to Protect our Environment (CAPE) and Kathryn Masten, Ph.D., co-founder of the Ingleside on the Bay Coastal Watch Association (IOBCWA), to discuss the industrial development around the City of Corpus Christi, Texas, which is resulting in dangerous environmental impacts and disastrous changes in the Coastal Bend. Sr. Elizabeth also discussed issues with deepening and widening the channel in Port Aransas, Texas to accommodate oil tank transport.

September  
2022

## A Conversation on Looking at the November 2022 Election through the Eyes of Social Justice

Larry Hufford, Ph.D., Professor of Political Science and International Relations at St. Mary's University, highlighted several critical issues coming up in the U.S. House of Representatives given the new changes. He discussed issues including the chance of climate change legislation, the need to create competitive districts, and threats to ESG and climate friendly investing.

November  
2022

## Critical Conversations on Corporate Responsibility—Questions and Answers

Brianna Dimas, Director of Strategic Communications at the American Immigration Council, discussed several immigration policies and Congressional actions: Title 42, Deferred Action for Childhood Arrivals (DACA) and the Humanitarian Parole program for Cubans, Haitians, Nicaraguans, Venezuelans, just to mention a few.

February  
2023

Lydia Kuykendal, Director of Shareholder Advocacy at Mercy Investment Services, gave us helpful actions to promote gun safety and spoke about recent corporate actions through ICCR's member-led gun safety group.

Sister Susan Mika, OSB, Director of the Benedictine Coalition for Responsible Investment (CRI), updated us on the ongoing engagement with McDonald's concerning the company's use of medically important antibiotics in the supply chain. Sister Susan also spoke about a resolution with Denny's restaurants on policies for sick leave for employees and reported on Walmart raising the minimum wage and ExxonMobil earning nearly \$56 billion in profits.

## SRIC—Year in Review

Sr. Patricia Regan, CDP, Board Chair, gave a review of this year's Annual Educational Event titled "Environmental Justice: Reducing Ecological Impacts and Social Inequalities".

June  
2023

Anna Falkenberg, Executive Director, provided an update on collaborative activities with ICCR: corporate dialogues, strategy and group calls, webinars, letters as signatory and Board meetings.

Sr. Susan, OSB, Board Secretary, discussed her experience attending Annual General Meetings with Denny's, McDonald's and Walmart.

Ruben Lopez, SRIC Staff, gave an overview of SRIC's 2023-2024 Filing season. In total, members filed a total of 45 resolutions with 27 different companies.

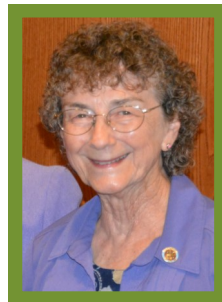
Esther Ng, Board Treasurer, discussed SRIC's proposed 2023-2024 budget for board approval.



## SRIC BOARD OFFICERS



Sr. Patricia Regan, CDP  
Board President



Sr. Susan Mika, OSB  
Secretary



W. Esther Ng  
Treasurer

# 2023 Proxy Season Successes

## PAID SICK LEAVE

More than 26 million U.S. private sector workers have no access to paid sick leave (PSL), and still millions more cannot earn and use paid sick time to care for a sick child or family member. Access to PSL in the U.S. is also marked by clear racial disparities: 48 percent of Latinx workers and 36 percent of Black workers have no paid time away from work of any kind. ICCR members are making the case that paid sick leave should be provided by companies as a standard benefit and viewed as a prudent investment — an insurance policy that will promote a strong workforce and, by extension, a healthy economy. ICCR members filed resolutions asking nine companies (**Norfolk Southern Corporation, Yum! Brands, Inc., CVS Health Corp., Macy's, Inc., FedEx Corporation, Denny's Corporation, TJX Companies, Inc., Union Pacific Corporation** and **Walmart Stores, Inc.**) to either adopt or disclose policies that all full- and part-time employees accrue some amount of PSL that can be used after working for a reasonable probationary period.



## REDUCE PLASTICS USE

Since its invention more than a century ago, plastic has been integrated into nearly every aspect of our daily lives. While plastic has made possible countless modern conveniences, it has done so with significant environmental downsides, particularly ocean pollution. Without immediate and sustained action, annual flows of plastics into our oceans could nearly triple by 2040. To combat this, a multipart strategy will be needed: recycling, coupled with major reductions in use, materials redesign, and substitution. Multiple countries and some major brands have already committed to significant cuts in the use of virgin and single-use plastics; investors are focusing on those companies lagging behind their peers in reduction efforts. ICCR members asked **Amazon, Kroger, McDonald's, Restaurant Brands,** and **Yum!** to report on how they might significantly reduce their respective plastics use in alignment with a one-third reduction.



## PATENTS AND ACCESS

To delay generic competition and preserve their profit margins, branded drug manufacturers often deploy a variety of strategies including "patent thickets" consisting of many secondary and tertiary patents designed to artificially extend exclusivity periods. As high U.S. drug prices persist amid an extended period of high national inflation, ICCR members filed new resolutions with **AbbVie, Amgen, Bristol-Myers Squibb, Eli Lilly, Gilead, Johnson & Johnson, Merck, Pfizer,** and **Regeneron,** asking each to issue a report on a process by which the impact of extended patent exclusivities on product access would be considered in deciding whether to apply for secondary and tertiary patents.



## PHASE OUT ROUTINE USE OF MEDICALLY IMPORTANT ANTIBIOTICS IN THE SUPPLY CHAIN

Antibiotic resistance is a global public health crisis that threatens to reverse many medical advances made over the last century. At least 700,000 people die annually from illness due to antimicrobial resistance. Animal agriculture accounts for approximately two-thirds of global antibiotics use. In 2018 **McDonald's** committed to prohibiting the routine use of antibiotics by its meat suppliers. However, it did not fulfill that promise and in March 2022, it instead replaced its commitment with weaker language setting targets for the 'responsible use' of antibiotics. Investors asked McDonald's to adopt an enterprise-wide policy to phase out the use of medically-important antibiotics for disease prevention in its beef and pork supply chains. The policy should include global sourcing targets with timelines, metrics for measuring implementation, and third-party verification.



## RACIAL EQUITY AND CIVIL RIGHTS AUDITS

Adverse corporate impacts highlighted by 2023 Racial Equity and Civil Rights Audit resolutions include racial disparities in lending, contracts with ICE, contributions to members of Congress who objected to certifying the 2020 presidential election results, donations made to police foundations, municipal bond offerings used to pay police brutality settlements, and funding that supports surveillance technology used to target communities of color and nonviolent protestors. ICCR members filed 28 racial equity civil rights audit resolutions with companies in a range of industries, including ten banks and insurers, asking them to issue independent audits analyzing their adverse impacts on nonwhite stakeholders and communities of color, describing what steps, if any, they plan to mitigate those impacts. Among the companies receiving the resolutions were **Alphabet, Bank of America, Chevron, GEO Group,** and **Johnson and Johnson.**



BANK OF AMERICA

## PARIS-ALIGNED CLIMATE LOBBYING

Corporate lobbying activities that seek to prevent or stall science-based climate legislation and regulation present major risks for investors by increasing the risk of physical damage from climate change and posing systemic risks to the global economy. ICCR members asked **Wells Fargo** to report on whether and how it is aligning its lobbying and policy influence activities and positions, both direct and indirect through trade associations, coalitions, alliances, and other organizations, with its public commitment to achieve net zero emissions by 2050 including the activities and positions analyzed, the criteria used to assess alignment, and involvement of stakeholders.

WELLS  
FARGO

# 2023 Shareholder Resolutions Voting Results

## **ABBOTT LABORATORIES – 23.20%**

### ***Lobbying Expenditures Disclosure***

Dana Investment Advisors

## **ABBVIE – 36.30%**

### ***Lobbying Expenditures Disclosure***

Dana Investment Advisors

## **ABBVIE – 29.60%**

### ***Patents and Access***

Congregation of Divine Providence - San Antonio, TX

Mercy Investment Services

Missionary Oblates of Mary Immaculate

## **ALPHABET, INC. – 13.10%**

### ***Data Operations in Human Rights Hotspots***

Dana Investment Advisors

Missionary Oblates of Mary Immaculate

## **ALPHABET, INC. – 17.00%**

### ***Improving Algorithmic Systems Disclosures***

Mercy Investment Services

## **ALTRIA GROUP, INC. – 30.76%**

### ***Civil Rights Audit***

Mercy Investment Services

## **AMAZON.COM, INC. – 32.30%**

### ***Reduce Plastics Use***

Dana Investment Advisors



## **AMAZON.COM, INC. – 37.50%**

### ***Rekognition: Facial Recognition Technology***

Mercy Investment Services

## **AMAZON.COM, INC. – 17.70%**

### ***Tax Transparency Report***

Missionary Oblates of Mary Immaculate

## **AMEREN (UNION ELECTRIC) – 13.80%**

### ***Adopt Short and Long-Term Science-Based GHG Reduction Targets***

Mercy Investment Services

## **AMGEN INC. – Withdrawn**

### ***Patents and Access***

Mercy Investment Services

## **APPLE COMPUTER, INC. – Withdrawn**

### ***Freedom of Expression Transparency Report***

Mercy Investment Services

Missionary Oblates of Mary Immaculate

## **BANK OF AMERICA CORP. – 28.50%**

### ***Transition Planning***

Mercy Investment Services

## **BRISTOL-MYERS SQUIBB – Withdrawn**

### ***Executive Incentive Compensation – Compliance Costs***

Mercy Investment Services

Congregation of Divine Providence - San Antonio, TX

## **CHEVRON CORP. – 9.80%**

### ***Racial Equity Audit***

Benedictine Sisters, Boerne TX

Congregation of Divine Providence – San Antonio, TX

Dana Investment Advisors

Missionary Oblates of Mary Immaculate

## **COMCAST CORP. – 10.80%**

### ***Racial Equity Audit***

Missionary Oblates of Mary Immaculate



## **COSTCO WHOLESALE CORP. – Withdrawn**

### ***Report on the Outcomes of Chemical Reduction Efforts***

Mercy Investment Services

## **CVS HEALTH CORP. – 26.00%**

### ***Paid Sick Leave Policy***

Benedictine Sisters, Boerne TX

## **DISNEY (WALT) COMPANY / ABC – Withdrawn**

### ***Lobbying Expenditures Disclosure***

Mercy Investment Services

Missionary Oblates of Mary Immaculate

## **DOW INC. – 30.20%**

### ***Impact of Reduced Plastics Demand on Financial Assumptions***

Mercy Investment Services

## **ELI LILLY AND COMPANY – 10.40%**

### ***Patents and Access***

Mercy Investment Services

Missionary Oblates of Mary Immaculate

## **EOG RESOURCES, INC. – Withdrawn**

### ***Direct Measurement of Methane Emissions***

Mercy Investment Services

## **EXXON MOBIL CORPORATION – 36.40%**

### ***Direct Measurement of Methane Emissions***

Dana Investment Advisors

## **EXXON MOBIL CORPORATION – 13.30%**

### ***Report on Guyana Oil Spill Economic, Human and Environmental Impacts***

Mercy Investment Services

Missionary Oblates of Mary Immaculate

## **GILEAD SCIENCES, INC. – 16.70%**

### ***Patents and Access***

Mercy Investment Services

Missionary Oblates of Mary Immaculate



## **HERSHEY COMPANY – 3.60%**

### ***End Child Labor in Cocoa Production***

Missionary Oblates of Mary Immaculate

## **J.P. MORGAN CHASE & CO. – 8.00%**

### ***Time-Bound Phase-Out of New Fossil Fuel Exploration and Development***

Congregation of Divine Providence - San Antonio, TX

Missionary Oblates of Mary Immaculate



# 2023 Shareholder Resolutions Voting Results

## J.P. MORGAN CHASE & CO. – 35.40%

### *Transition Planning*

Dana Investment Advisors  
Mercy Investment Services

## JOHNSON & JOHNSON – 31.80%

### *Access to COVID-19 Products*

Benedictine Sisters, Boerne TX  
Congregation of Divine Providence - San Antonio, TX

## JOHNSON & JOHNSON – 14.42%

### *Patents and Access*

Mercy Investment Services

## KRAFT HEINZ COMPANY – 7.80%

### *Water Risk Assessment*

Mercy Investment Services

## KROGER CO. – 12.71%

### *Public Health Costs Created by the Sale of Tobacco Products*

Mercy Investment Services

## MACY'S, INC. – Withdrawn

### *Paid Sick Leave Policy*

Mercy Investment Services



## MARATHON OIL CORP. – Withdrawn

### *Direct Measurement of Methane Emissions*

Mercy Investment Services

## MCDONALD'S CORP. – 16.60%

### *Phase Out Routine Medically Important Antibiotics Use in Supply Chain*

Benedictine Sisters, Boerne TX  
Missionary Oblates of Mary Immaculate

## MERCK & CO., INC. – 31.10%

### *Patents and Access*

Mercy Investment Services  
Missionary Oblates of Mary Immaculate

## META (FACEBOOK INC.) – 17.00%

### *HRIA - Meta Targeted Ads*

Mercy Investment Services  
Missionary Oblates of Mary Immaculate

## MICROSOFT CORPORATION – Filed

### *Tax Transparency Report*

Missionary Oblates of Mary Immaculate

## MODERNA – 7.40%

### *Covid 19 Vaccine Technology Transfer*

Benedictine Sisters, Boerne TX

## PFIZER, INC. – 12.20%

### *Covid 19 Vaccine Technology Transfer*

Missionary Oblates of Mary Immaculate

## PFIZER, INC. – 30.20%

### *Patents and Access*

Mercy Investment Services



## PILGRIM'S PRIDE CORP. – 4.70%

### *Deforestation-Free Supply Chain*

Mercy Investment Services

## PNC FINANCIAL SERVICES GROUP – Filed

### *Adopt Short and Long-Term Science-Based*

### *GHG Reduction Targets*

Mercy Investment Services

## REGENERON PHARMACEUTICALS – On Proxy

### *Patents and Access*

Mercy Investment Services

## SOUTHERN COMPANY – Filed

### *Environmental Justice Report*

Missionary Oblates of Mary Immaculate



## STURM RUGER AND COMPANY, INC. – 26.50%

### *Material Marketing Risks*

Mercy Investment Services

## TEXAS INSTRUMENTS INC. – 23.05%

### *Human Rights and Material Risks Related to the Russian Invasion of Ukraine*

Mercy Investment Services

Missionary Oblates of Mary Immaculate

## UNITED PARCEL SERVICE, INC. – Withdrawn

### *Paris-Aligned Climate Lobbying*

Mercy Investment Services

Missionary Oblates of Mary Immaculate

## UNITEDHEALTH GROUP INC. – 20.60%

### *Racial Equity Audit*

Mercy Investment Services

## VALERO ENERGY CORPORATION – 33.10%

### *Climate Transition Plan and GHG Reduction Goals*

Mercy Investment Services

Benedictine Sisters, Boerne TX

## WALGREENS BOOTS ALLIANCE – Withdrawn

### *Climate Transition Plan and GHG Reduction Goals*

Mercy Investment Services

## WALMART STORES, INC. – 5.80%

### *Human Rights Due Diligence*

Missionary Oblates of Mary Immaculate



## WALMART STORES, INC. – 4.30%

### *Worker Pay in Executive Compensation*

Benedictine Sisters, Boerne TX

Mercy Investment Services

## WELLS FARGO & COMPANY – Withdrawn

### *Respect for the Rights of Indigenous Peoples*

Missionary Oblates of Mary Immaculate

## WELLS FARGO & COMPANY – 30.79%

### *Transition Planning*

Mercy Investment Services

## XPO LOGISTICS – Withdrawn

### *Climate Transition Plan and GHG Reduction Goals*

Mercy Investment Services

# 2023 Corporate Annual General Meetings

## TARGA RESOURCES

Donna Meyer, PhD, FACHE, attended the **Targa Resources**' Annual General Meeting, which was hosted at the company's offices in downtown Houston, TX. The proposal presented by Donna requested Targa to issue a report on policy options beyond the Company's current efforts to curtail both its own venting and flaring and the venting and flaring of upstream partners as influenced by Targa's activities. Flaring and venting represent significant sources of methane and carbon dioxide emissions, as well as local air pollution. New research has repeatedly demonstrated that current official emissions reports far underestimate actual releases.

Against this landscape Targa stands out, with third-party data



## TARGA

repeatedly revealing the company as responsible for unreported significant emissions events, evidence that Targa lags its peers in performance and transparency. It remains of concern that Targa, in particular, has demonstrated patterns of unreliability and insufficient accountability in both frequent reported and unreported emissions events. Further, by neither setting clear goals nor defining and disclosing flaring and venting performance metrics, Targa fails to adequately explain how it will address the risks and opportunities of the energy transition. Once the statement was presented, Targa merely announced that the resolution did not pass.

## MCDONALD'S

Representing the Benedictine Sisters of Boerne Texas, Green Century Equity Fund and other co-filers, Sister Susan Mika, OSB, attended **McDonald's** virtual Annual General Meeting. The proposal requested the company 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. In 2018, McDonald's published its "Global Vision for Antibiotic Stewardship in Food Animals" which included a goal to prohibit routine preventive use of antibiotics by meat suppliers and committed to developing "species-specific policies outlining our requirements and implementation timelines for suppliers providing chicken, beef, dairy cows, pork and laying hens for use in McDonald's restaurants." It also announced the goal of setting reduction targets for medically important antibiotics across 80% of its global beef supply by the end of 2020. McDonald's did not fulfill its promise. In March 2022, it replaced its commitment to set targets for "reducing use" of medically important antibiotics with targets for the "responsible use" of the drugs. However, its responsible use approach does not incorporate timelines, milestones and enforcement mechanisms, meaning that, McDonald's pledge is not aligned with the World Health Organization's (WHO) imperative to achieve absolute antimicrobial reductions (inclusive of medically important antibiotics) by at least 30-50% by 2030.



## REGENERON PHARMACEUTICALS, INC.

Amy Orr, Director of U.S. Shareholder Engagement at Boston Common Asset Management attended the **Regeneron Pharmaceuticals** Annual General Meeting and presented a proposal asking the company to report on a process by which access to medicine is considered in matters related to protecting intellectual property. During the meeting, Regeneron didn't name the title of the proposal; they simply called it the "non-binding shareholder proposal #5." They played Amy's recording and stated that shareholders voted against the proposal (but they did not address the proposal's ask in their comments). Regeneron did get one shareholder question about the utilization of AI/machine learning technology in R&D. Regeneron's response was that they plan to increasingly use AI to monitor the progress in diseases looking at patient mobility and other symptoms that can allow them to track patient progress following use of Regeneron's drugs.



## COTERRA ENERGY INC.

Donna Meyer, PhD, FACHE, presented two proposals at the **Coterra Energy Inc.** Annual General Meeting that was hosted at the ZaZa Hotel in Houston, TX. One proposal, led by the State of Vermont, PASSED! It asked for improved reporting on the reliability of methane emission disclosures. The second proposal asked for oversight of corporate climate lobbying. The statement presented described how investors are concerned because the company has, in certain instances, appeared unsupportive of policies addressing climate change, such as in a consultation response to the EPA on the regulation of methane emissions in February of this same year. In addition, Coterra has not properly disclosed details as to the types or roles held within the industry associations that it is a member of and the Company appears to retain memberships in industry associations that have actively opposed regulatory intervention on climate, such as the American Petroleum Institute. Unfortunately, this resolution did not pass.



## DENNY'S

On behalf of the Benedictine Sisters of Atchison, Kansas, Sister Susan Mika, OSB, attended **Denny's** virtual Annual General Meeting. The proposal presented by Sr. Susan, requested the company to issue a report analyzing the provision of paid sick leave among franchise employees and assessing the feasibility of inducing or incentivizing franchisees to provide some amount of paid sick leave to all employees. At Denny's, there is currently no public information available pertaining to a paid sick leave policy for either company-owned restaurants or franchised operations. Denny's says in its opposition statement that "during the most challenging periods of the pandemic, we provided employees in our company-operated restaurants and corporate-support functions up to 10 days of paid sick leave while complying with quarantine protocols due to either testing positive or having direct exposure to someone with a positive test result, based on CDC guidelines and local ordinances, as applicable." However, it cannot be stressed enough that the need for paid sick leave exists outside of the global pandemic.



# SRIC Advocacy Utilizing Signatory Letters

## SUPPORTING DIGITAL RIGHTS REGULATIONS FOR TECH COMPANIES

The past year has put a spotlight on the unchecked power of technology companies and the harmful impacts of their business model and operations on users and their human rights. This statement asked technology companies to respect human rights and reinforced the fact that investors will continue to push companies to prioritize human rights protections in their policies, practices, and business models.



Image by tomasz\_tuz on Freepik

## ENDING THE SUBMINIMUM WAGE

A “subminimum wage” is a wage paid that is less than the federal or state mandated minimum wage. Federal law allows companies to pay less than the legally mandated minimum wage to certain groups of workers. Tipped workers are the largest group paid a subminimum wage and represent approximately six million people in the United States.

Business risks are associated with the subminimum wage:

- ❑ It upholds systemic racism by disproportionately paying people of color less than white employees.
- ❑ Lawsuits are pending and initiated against companies paying a subminimum wage based on racial discrimination.
- ❑ It disproportionately negatively impacts women and increases their exposure to sexual harassment.



Image by Freepik

This statement organized by Adasina Capital in support of publicly traded companies ending payment of the subminimum wage to all employees highlights how crucial the rules associated with the subminimum wage are, thus leaving restaurant owners and brands with legal liabilities. Since Covid, privately held restaurants paying a full minimum wage has gone from 300 in 2020, to over 5,000 currently—and there is pressure on publicly traded companies to follow.

## THE CRISIS IN UKRAINE

This signatory letter aims to support the Ukrainian people, their protections under international humanitarian law, and their recognized rights to life, freedom, democracy, and territorial integrity. Russia's human rights abuses and violations of international law have manifested in salient and material risks that should compel investors to take measures to help protect both the rights of the Ukrainian people.



Image by Freepik

The Russian state, business oligarchs, and state-owned or -affiliated companies have played a critical role in directing, financing, and equipping the armed conflict, occupation, and displacement of millions of Ukrainian civilians. There is a moral, legal, and financial imperative for the private sector to move beyond expressions of outrage and demonstrate leadership by advocating for the human rights of the Ukrainian people. The statement will be used to inform existing, or initiate new, investor-led company engagements in the service of this responsibility.

## OIL SANDS FINANCING AND FREE, PRIOR, AND INFORMED CONSENT (FPIC)

The Investors & Indigenous Peoples Working Group (IIPWG) is moving forward an investor statement to financiers of Enbridge Line 3 and other oil sands projects. As these projects demonstrate the multiple legal, environmental, reputational, and human rights risks attendant to oil sands development without a social license to operate from affected Indigenous Peoples, the statement serves as an urgent signal to financiers to address these substantial risks.



Image by aleksandarlittlewolf on Freepik

The statement specifically asks financial institutions to develop policies that eliminate financing for projects or companies that do not protect the rights of Indigenous Peoples, and specifically the right to free, prior, and informed consent (FPIC). The statement asks companies either directly engaged in oil sands operations or the finance of these projects to operationalize their commitments ESG by respecting the FPIC of affected Indigenous Peoples. It further presses companies about how their finance of oil sands projects aligns with their climate and human rights policies, and what their practices are to ensure and monitor the FPIC of Indigenous Peoples.

## THE CLIMATE PATH FORWARD

This letter directed at members of the Board of the U.S. Chamber of Commerce describes climate change as a significant risk to both our direct investments and the economic stability of our society. The purpose of the statement is to show how concerned investors are about the disconnect between companies' public rhetoric on climate change and lobbying activities, which often conflict with climate-forward policy. Through this letter, investors are calling on the Chamber's leadership, including members of its Board of Directors, to advocate for the relevant public policies needed to significantly reduce GHG emissions, stabilize climate and re-envision the energy economy.



Image by rawpixel.com on Freepik

## BRT CEOS TO ALIGN CORPORATE POLITICAL SPENDING WITH CORE VALUES

This statement asks corporations that are members of the Business Roundtable, to put in place governance mechanisms to align their political spending with their stated core values, in order to mitigate both reputational risks to the company, and broader systemic risks to democracy. The letter emphasizes the importance of working to protect democracy and concerns about how company funds might be spent, either directly or through trade associations, in ways that threaten democratic institutions including voting rights and free and fair elections.



Image by Freepik

# Recent News—Corporate Engagements

## HUMAN RIGHTS—RACIAL EQUITY AUDIT

**Google** released an audit examining how its services and policies impact civil rights and racial equity, following years of pressure from advocates and lawmakers for such a review. The move follows rivals such as **Facebook** and **Airbnb**, which conducted audits in 2020 and 2016, respectively, and **Apple**, which last year pledged to do a racial equity audit after facing pressure from its shareholders.



Unlike previous audits of other tech giants like Facebook, which at times offered scathing rebukes of the companies' conduct, Google's review struck a more muted tone, highlighting ongoing initiatives to deal with harassment, discrimination and online hate speech while offering "opportunities for improvement."

The report notes the tech giant has "made a series of investments related to civil rights," including establishing top roles for executives focused on human rights and civil rights, forming an executive council devoted to those issues and incorporating "civil rights considerations into many aspects of its business."

The report recommends Google institute mandatory training for managers on inclusive hiring and devote more time looking at data to understand why Indigenous, Black and Latino employees leave the company.

Cristiano Lima and Gerrit De Vynck. (2023, March 3). *Google releases civil rights review, caving to years of pressure*. Washington Post. Image by katemangostar on Freepik.

## CLIMATE CHANGE—CLIMATE FINANCE

A proposal calling on **Bank of America** to cease financing new fossil fuel exploration and development secured only 7% support. Another environmental proposal gained support from 28.5% of investors. That proposal pushed Bank of America to release a transition plan about aligning its financing activities with its 2030 greenhouse gas emissions reductions targets. Investors also rejected a proposal for Bank of America to disclose its 2030 absolute greenhouse gas reduction targets for energy sector lending and underwriting, which received 11.5% support.

At **Wells Fargo's** meeting, investors voted against a Sierra Club Foundation proposal asking that the bank adopt a policy for "a time-bound phase-out" of its lending and underwriting to projects and companies engaged in new fossil fuel exploration and development. Without such a phase-out policy, Wells Fargo is "unlikely to meet its climate commitments and merits scrutiny for material risks" including greenwashing, reputational costs, and even scrutiny from the Federal Reserve the proposal said.



At **Citi**, Harrington Investments filed a proposal very similar to the Sierra Club's bid at Wells Fargo, seeking a report to adopt a policy for "a time-bound phase-out" of the bank's lending and underwriting to projects and companies engaged in new fossil fuel exploration and development. The resolution gained nearly 10% support. Another proposal asked the bank issue a report outlining how effective its policies are respecting Indigenous Peoples rights. Specifically, the Sisters of St. Joseph of Peace, a New Jersey-based Catholic advocacy group, called out the bank for financing pipeline multinational company **Enbridge Inc.** The vote failed with about 31% of the vote.

Clara Hudson, Andrew Ramonas and David Hood. (2023, April 25). *Wells Fargo, Citi, BofA Shareholders Rebuff Climate Proposals*. Bloomberg Law. Image by wirestock on Freepik

## HUMAN RIGHTS—CHILD FORCED LABOR

More than 100 children as young as 13 years old cleaned dangerous meat processing equipment using hazardous chemicals for a sanitation company contracted by major meat and poultry producers, the U.S. Department of Labor announced Friday, February 17.

**Packers Sanitation Services Inc. LTD**, of Kieler, Wisconsin, paid a \$1.5 million fine assessed by the labor department after the agency found it employed 102 minors ages 13 to 17 in "hazardous occupations" at 13 meat processing facilities in eight states, the department said. Some underage employees also worked overnight shifts, and at least three sustained injuries on the job, the labor department said.

Minors were employed in the largest numbers at two **JBS Foods** facilities in Nebraska (27) and Minnesota (22), and at a **Cargill Inc.** facility in Kansas (26), according to the investigation.



The \$1.5 million fine, paid by the company on February 16, concludes an investigation that began in August and led to two court orders from a federal judge late last year.

A judge issued in November a restraining order prohibiting Packers Sanitation Services from committing child labor violations, and then in December, the company agreed to a court order requiring it to take significant steps to ensure it was in compliance with federal child labor laws at its operations nationwide, according to the labor department.

Orlando Mayorquin. (2023, February 20). *Company hired over 100 children as young as 13 to clean meat processing plants, DOL says*. USA TODAY. Image by KamranAyidinov on Freepik

## CLIMATE CHANGE—METHANE EMISSIONS

**Exxon Mobil Corp.** and **Chevron Corp.** shareholders overwhelmingly rejected calls for stronger measures to mitigate climate change, dismissing more than a dozen climate-related proposals at their annual meetings. The results supported the two largest U.S. oil producers in resisting pressure from investor groups calling for the pair to follow European rivals in accepting tougher emissions reductions goals.

"There is no single oil major that really wants to transition," said Mark van Baal, founder of activist group Follow This, which suffered resounding losses at several meetings. "They all want to hang on to fossil fuels as long as possible." His group, which represents some 9,500 shareholders in oil and gas companies, had requested Exxon set medium-term goals for reducing emissions from fuels burned by customers - or Scope 3 targets. That resolution received less than half of the support 11% of vote cast compared with 27% from the group's emission reduction proposal last year. Exxon is the only one of the five Western oil majors with no 2030 target for reducing customers' carbon emissions from its products.



Chevron investors also rejected proposals on customers' emissions reduction target, creating a board committee on decarbonization risk, and a report on worker and community impact from facility closures and energy transitions.

Sabrina Valle. (2023, May 31). *Exxon, Chevron shareholders soundly reject climate-related petitions*. Reuters. Image by Freepik



# Recent News—Corporate Engagements

## WORKER RIGHTS—PAID SICK LEAVE (PSL)

Major U.S. freight railroads are adopting labor-friendly policies such as paid sick leave and predictable shifts to help address long-running staffing shortages that nearly boiled over into a nationwide strike last year.

The railroads have reached agreements with unions representing employees such as track workers and machinists to pay for at least four days of sick leave a year. Three companies—**Union Pacific**, **CSX** and **Norfolk Southern**—have also signed agreements with unions to offer train crews more predictable rest schedules.



The changes are in addition to providing unionized workers a retroactive pay raise under a new national contract as well as scheduled increases this year and in 2024.

Short-term paid sick leave, which wasn't previously available for union workers, became a sticking point in contract talks last year between railroads and labor groups representing more than 115,000 employees. As of late May, 57% of all union railroad employees had new paid sick-leave agreements in place, according to the Association of American Railroads, an industry trade group.

Companies in other industries such as ride-hailing and airline travel as well as food retailing and food manufacturing have also been evaluating ways to improve labor gaps beyond higher pay—such as offering more-flexible shifts, more-comfortable uniforms and addressing other grievances.

Esther Fung. (2023, June 10). *Railroads Offer Paid Sick Leave, Better Work Conditions After Yearslong Efficiency Push*. Wall Street Journal. Image by onlyyouqj on Freepik

## HEALTH—PHASE OUT ANTIBIOTICS IN THE SUPPLY CHAIN

Green Century and the Benedictine Sisters of Boerne, Texas, have filed a shareholder proposal with **McDonald's** urging it to eliminate routine use of antibiotics that are important to protecting human health on the animals in its supply chains. The Sisters had previously pressed McDonald's to engage its pork and beef suppliers to phase out use of the types of antibiotics on their animals that people also use.



Administering low doses of antibiotics in food and water can spur development of 'superbugs' in farm animals and create bacteria so resistant to treatment that even the most potent antibiotics can fail to stop the disease.

McDonald's new responsible use policy encourages producers and veterinary professionals, among others, to "share responsibility for proactively developing and implementing effective best management strategies to reduce, and where possible eliminate, the need for [medically-important] antibiotic use." However, the policy falls short of the proposal's request. The policy does not address the need for elimination targets, timelines, metrics for measuring implementation, third-party verification, or guidelines for enforcement when suppliers fail to meet McDonald's guidelines.

Andrea Ranger and Pam Podger. (2023, May 22). *Shareholders Poised to Vote Green Century Proposal Urging McDonald's\* to Prevent Development of Antibiotic-Resistant "Superbugs" in its Supply Chains*. Green Century Capital Management, Inc. Image by Freepik

## WORKER RIGHTS—WORKER PAY IN EXECUTIVE COMPENSATION

**Netflix** shareholders voted to reject multi-million dollar pay packages for the company's top executives including for co-CEOs Ted Sarandos and Greg Peters.

The vote took place just days after the Writers Guild of America encouraged investors to vote the packages down, saying in a letter that a vote would be inappropriate as Hollywood writers enter their fifth week of striking for better working conditions and larger contracts.

Netflix's proposed executive pay packages for 2023 included up to \$40 million for Sarandos, including base salary, a performance bonus and stock options. Peters could receive up to \$34.6 million.

Reed Hastings, who stepped down as Netflix CEO in January and now serves as the company's executive chairman, would bring home about \$3 million for the year. According to the proposal, Netflix CFO Spencer Neumann would receive \$14 million, chief legal officer David Hyman would get \$11 million and chief communications officer Rachel Whetstone is on track to receive \$6.5 million.



The median Netflix employee made \$218,400 in 2022, according to a Securities and Exchange Commission filing. That would make the ratio of CEO pay to median employee pay 234 to 1. Last year, just 27% of Netflix shareholders approved of 2022 executive compensation packages.

Nicole Goodkind. (2023, June 2). *Netflix shareholders reject sky-high executive pay packages*. CNN Business. Image by Freepik

## PHARMA—PATENTS AND ACCESS

A coalition of ethical investors have asked **Johnson & Johnson**, **Merck**, **Pfizer**, **Eli Lilly**, **Gilead**, **Amgen**, **Regeneron**, **Bristol Myers Squibb (BMS)** and **AbbVie** to publish a report on the process they follow when applying for multiple patents on a single drug.

The reports should provide details on whether their patent strategies are designed to extend the exclusivity of top-selling drugs and what impact this is likely to have on patient access, according to the shareholders, which include Mercy Investment Services and Trinity Health.

Eight of the nine companies are fighting the proposals at the Securities and Exchange Commission. Companies routinely challenge shareholder proposals at the SEC and often win. BMS is still involved in discussions with the investors.



The eight companies have told the SEC the shareholder proposals should be excluded for several reasons, including that they are an attempt to "micromanage the business" and involve complex scientific and legal topics outside the expertise of shareholders. Implementing the proposals could undermine the company's core business model, said Merck in response to a proposal made by The Capuchin Franciscan Province of St. Joseph.

Jamie Smyth. (2023, February 25). *Big Pharma fights patent disclosure demand from investors*. Financial Times. Image by Freepik

# Environmental Justice

**What is Environmental Justice?** Environmental justice is the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies. This goal will be achieved when everyone enjoys:

- The same degree of protection from environmental and health hazards, and
- Equal access to the decision-making process to have a healthy environment in which to live, learn, and work.

*United States Environmental Protection Agency (EPA), Environmental Justice, May 12, 2023*

## North Texas Suburb Approves New Fracking Zone Near Homes and Schools

The Arlington City Council on Tuesday, May 23, authorized the creation of a new zone for drilling and fracking in a residential area, despite objections from neighbors in the North Texas suburb.

It was the first time in nearly five years that Arlington established a new “drill zone,” according to the city’s planning department. Once drill zones are established, wells can be administratively approved without a public process.

Tuesday’s vote marked a major victory for French energy giant **TotalEnergies** and its North Texas subsidiary, **Total E&P Barnett USA**, which had tried and failed repeatedly in recent years to win the establishment of new drill zones in Arlington.

At the Tuesday evening council meeting, more than 20 people spoke in opposition to the permit, including attorneys, advocates and Arlington residents. They raised concerns regarding the site’s proximity to two schools and the impact of fracking on local air and water. Application materials said the drilling zone was 600 feet from the nearest home and 2,000 feet from the nearest school.

Two decades have passed since the world’s first fracking boom started in North Texas and the sprawling suburb of Arlington became infamous for drilling sites adjacent to homes, schools and a daycare.

Tarrant County has more people living near oil and gas productions sites than any other U.S. county except Los Angeles.

Texas Railroad Commission records show 53 new drilling permits approved in Tarrant County since the start of last year, 50 of them owned by Total. *Dylan Baddour and Martha Pskowski. (2023, May 25). Inside Climate News.*



Image by ArtPhoto\_studio on Freepik

## In Corpus Christi, Texas, Environmentalists Are Fighting a Slate of Proposed Desalination Plants

In response to the industrial transformation of jagged stacks of oil refineries and the white cylinders of oil tank farms that has accelerated in his hometown of Corpus Christi in recent years, Errol Summerlin, a former legal aid attorney, in 2018 established the Coastal Alliance to Protect Our Environment (CAPE).

The industrial onslaught, Summerlin said, began with Congress’s lifting of the crude oil export ban in 2015. Since then, Corpus Christi, which sits at the end of a massive

pipeline network carrying oil from the Permian Basin, has grown to become the largest crude oil distribution hub in the United States. Each day, dozens of oil tankers pass in and out of Corpus Christi Bay. In 2016, the Port of Corpus Christi exported 30.5 million barrels of oil. Last year, 680 million barrels of crude moved out of the port to points abroad.

What really worries Summerlin these days is water. In June 2022, the city declared a drought and put in place water restrictions. But the drought, Summerlin and others say, is a largely manmade phenomenon that can be traced to 2017. That’s when the City of Corpus Christi—which manages the water for users across a roughly 5,400-square-mile area spanning seven counties—gave 20 million gallons of water a day to **ExxonMobil** and **SABIC** for their then-proposed Gregory plastics facility. Though figures vary, most estimates suggest that industrial users now command between 60 and 80 percent of Corpus Christi’s total water supply.

There are now plans in the works for five marine desalination plants along Corpus Christi Bay, each of which would siphon tens of millions of gallons of water daily from the bay and transform it into freshwater. If built, they would be the first seawater desalination plants in the state of Texas.

Beyond the ecological damage, desalination’s infrastructure poses serious threats to human communities, especially poor communities of color. One of the five plants in Corpus Christi is planned less than 10 minutes from the glass-and-steel high-rises of downtown, in an embattled neighborhood called Hillcrest. Among Corpus Christi’s last historically Black enclaves, Hillcrest lies at the margin of what’s known locally as Refinery Row, a roughly 10-mile unbroken stretch of petrochemical plants and other industrial facilities.

*Jeremy Miller. (2023, June 13). Sierra Club.*



Image by aleksandarlittlewolf on Freepik

# 2023 SRIC Educational Event

## Environmental Justice: Reducing Ecological Impacts and Social Inequalities

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Sister Elizabeth Riebschlaeger, CCVI graciously accepted the Citizen Advocate Excellence Award, which was donated by Esther Ng.  
 Credit: Robert McKinley

### SRIC's Event Program

#### Environmental Justice: Reducing Ecological Impacts and Social Inequalities

**Sister Elizabeth Riebschlaeger, CCVI**  
 Citizen Advocate Excellence Award recipient

**Virginia Palacios**  
 Executive Director of Commission Shift

**Mario Bravo**  
 City Councilman representing San Antonio District 1,  
 former employee of the Environmental Defense Fund

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



Sister Elizabeth is pictured with our featured speakers, Virginia Palacios and Mario Bravo whom she also mentored.  
 Credit: Mario Bravo, City of San Antonio Councilman District 1 and District 1 Council Staff



The audience pictured, is listening to Sister Patricia Regan, CDP, at the Whitley Theological Center in San Antonio, TX.  
 Credit: Robert McKinley



From left to right: Virginia Palacios, Mario Bravo, Sister Susan Mika, OSB and Rev. Séamus Finn, OMI attended SRIC's Annual Educational Event.  
 Credit: Robert McKinley



## **Socially Responsible Investment Coalition**

285 Oblate Drive  
San Antonio, Texas 78216

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### **Membership Services**

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

### **Membership Levels**

Institutional Supporters ◇ Associate Organizations ◇ Individual Members

### **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 Interfaith Center on Corporate Responsibility (ICCR) for research information, analysis, and action strategies.
- To direct inquiries toward resources for monitoring portfolios for selected issues of concern.

### **Our Focus Areas**

- Climate Change and Environmental Justice
- Health Equity and Nutrition Insecurity
- Human Rights/ Global Supply Chains
- Worker Rights
- Mining
- Banking and Finance
- ICT and AI



**Please consider joining us as a member or make a donation today!**

Join the Socially Responsible Investment Coalition (SRIC) in creating a more just and sustainable world through corporate responsibility. We can reach our goals with your financial support!



To become a member, contact **Anna Falkenberg, Ph.D., Executive Director** by phone at **(726)-220-0208** or by email at **afalkenberg@sric-south.org**.

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