

Minutes
Committee on Socially Responsible Investing
February 2, 2004
Rice Room, Pickett and Elliot Houses

Present: Joan Cudhea, Jerry Gabert, Jim Sherblom, Susan Leslie, Glenn Charbonneau, Jim Gunning, Lucia Santini Field, Pam Allen-Thomas, Stephanie Leighton, Sydney Morris, Tim Blackwood, Nancy Gladyszak

(Note: See end of minutes for next meetings, phone conferences, and Working Group assignments).

Susan Leslie opened the meeting with the poem "To Be of Use" by Margie Piercy.

Joan Cudhea asked the group to do a check-in where everyone identified themselves, stated why they were on the committee and something unusual they did this weekend.

It was decided to hold off on approving the minutes from the September minutes until the next meeting.

Leslie's Report:

As staff liaison I work closely with the chair and with the three Working Groups. Additionally I (and/or my office) produce SRI News, maintain CSRI website, maintain the SRI database, and answer inquiries. Also handle administration of projects such as grant application, GA workshops, booth, and handle committee finances and logistics for meetings.

Since September I:

- Worked with Portfolio Advisory Working Group on Board adoption of a renewable energy screen
- Worked with Shareholder Advocacy Working Group on sign-on to letters to the SEC re disclosure in nominations processes to corporate boards and met with rep. from Working Group and Director of OBGLTC to develop letter writing campaign to corporations in UUA portfolio to adopt domestic partner benefits (particularly corps. that have adopted Equality Project principles but not practices). Research on UUA resolutions for purposes of advocacy on corp. governance.
- Work with Enabling Congregations Working Group on grant proposal, design of pilot project, and gather feedback to inquiries from UU's and SRI organizations.
- Also attended SRI in the Rockies Conference in October.
- Send out two issues of SRI News.
- Added Community Investment Policy to web.
- Added One Congregation's Story feature to web (need new ones!)
- Have promoted SRI in SAC-News twice since September.
- Am working on development of a basic social justice resource for congregations that promotes foundational practices - Includes SRI.

Inquiries range from Fourth Universalist NYC looking to invest small endowment and get matching funds. Santa Barbara congregation is interested in matching funds for housing. Minneapolis congregant needed SRI studies for information regarding the rate of return. Some individuals look for investment advice - direct them to socialinvest.org and socialfunds.com. UUA Development staff starting to forward inquiries from interested donors (many not web savvy - sending them basic materials developed by Ann Gary). We have been hearing from folks interested in being advocates. Investment Committee in New Haven looking into matching grants. Hosted SRI day with Dorothy Emerson presenting.

We heard from First Parish Cambridge in mid-January that they co-filed on non-discrimination policy resolution with Stryker. First time they (and any UU congregation besides Community Church NYC) has done shareholder advocacy! Have asked for write-up for SRI News.

Gabert presented his report as ex-officio representative to the Committee. Gabert handed out a report from Tom Stites, Director of the UU World, detailing Mutual Fund companies that invest in rogue terrorist states. It was agreed to discuss this for addition as a possible screen. He also handed out an updated fees schedule proposal from ISS. Leighton asked that Gabert review the volume numbers. He then reported further on funds held for other organizations. There are approx. 60 congregations contributing to the endowment fund. Gladyszak manages 171 funds with a balance of \$14.5million as of June 30, 2003. Approx. 26 funds have an average of \$426,000 and account for slightly less than 80% of the fund. There are 39 funds with balances less than \$4,000. The average balance is \$85,000.

Cudhea offered an update from consultant Ann Gary. There is to be a training of folks from New England to be held somewhere in Mass Bay District on SRI Investing. Gary wanted to know if 10/2/04 would work for the group. Sherblom offered some information about possible difficulties for the MBD ministers. Cudhea asked for suggestions for a keynote speaker. She recommended Tim Smith, president of Social Investment Forum. It was suggested that we provide an edited video as a possible mailing before the training as preliminary educational material. The fee structure will be as a team with suggestions on who the minister should send.

Ministerial F I W (Morris' group). Group is organized in chapters and they are organizing a network to spread information. Will be conducting workshops before GA for ministers and their families and any other people they would like to bring. They are working on better increasing the knowledge and understanding of ministers' pension systems. They would like to provide the congregational assessment tool to congregations along the lines of Journey Toward Wholeness. They'll apply for a grant in this area, as it is likely to take 1 to 2 years to plan out this tool. Leslie said that they could create a continuum of where congregations are on SRI. Sherblom stressed that it is necessary to hammer home that you do not have to sacrifice financial know-how and performance to do SRI. Leighton wants to know where the 171 funds are geographically located and are they outside of the Boston area.

Gabert introduced the new board policy that encouraged board groups and committees to adopt an Anti-Racism training approach and policy. We have an obligation to become anti-racist, anti-oppressive, and multi-cultural environment. Cudhea recommended that we adopt the following language:

The Socially Responsible Committee declares and affirms its special responsibility to promote the full participation of persons in all of its and their activities and in the full range of human endeavor without regard to race, ethnicity, gender, disability, affectional, or sexual orientation, age, language, citizenship status, economic status, or national origin and without requiring adherence to any particular interpretation or religion or to any particular religious belief or creed.

Cudhea will like the committee to vote on adoption before the end of the meeting.

Allen Thompson asked that we add family structure to the clause.

Motioned with consensus.

Gunning presented on Shareholder Action Working Group.

Continuing Efforts: UUA has co-filed on two efforts on Exxon-Mobil to encourage them to adopt same-sex anti-discrimination language to their bylaws. Main filer is Amnesty International. UUA

also co-filed with Chevron-Texaco on HIV/AIDS and we are looking for presenters through the NYC area. They have the budget to buy everything but not to send presenters. ICCR is backing them up with presenters. Jerry and Jim do a fair amount of time recruiting new presenters in areas where annual meetings are being held. Specific reference was made to the Tampa, FL area and some work with Sara Lee Corp. and some vendor issues that were arising with Mexico labor. UUA has taken action on HIV/AIDS and also looking in to pay disparity but have not been able to take action yet. A new initiative is letter writing to companies in our portfolio signed by Jerry that will contain a questionnaire about the gay rights anti-discrimination efforts and what the language is. We will also look in to transgender issues but have not decided whether to include this in the letter. The hope is eventually that this letter can be a template for congregations and individuals to use for their own portfolios. The letter will be shared with the group soon but will be mailed in March of this year (2004). ICCR has done research and has filed with several companies on the premise that there is pandemic of Aids. It is only recently that we have an understanding of the depth and breadth of this problem. But the corporations are not getting involved. ICCR has picked 5 or 6 large pharmaceutical companies and 5 or 6 large employer companies that employ in Africa. The UUA has specifically co-filed a resolution that asked Chevron-Texaco to report to their shareholders about their actions surrounding prevention and treatment of Aids especially in Africa. Chevron-Texaco has been willing to talk about this because of their large operations in Africa and emerging markets in Asia and Eastern Europe. Three items that we are encouraging is counseling, testing, and treatment. These are the policies that the resolution is encouraging. One request: every year ICCR puts out a book that has all the resolutions that were filed by the ICCR members. Cudhea stressed and Gunning agreed that it is extremely important to make sure that volunteer presenters are properly acknowledged and thanked. Cudhea asked Leslie to work on this as staff liaison and a member of the Shareholder Action WORKING GROUP. Morris will be added to the reporting cycle so that she can report to the ministers groups.

Advice the UUA Working Group: Allen Thompson would remain on the group but did not want to be convener. GIF: All of the managers hired during the process begun in fall 2002 implemented and invested the funds allocated them. Total investment package balance is at approx. \$102 million with return at 24%. Santini Field has drafted a response to UU San Diego that had a great deal of detailed questions surrounding financial transparency. Santini Field will be recommend that the Investment Committee will continue to have formal minutes voted at the next meeting but more informal meeting notes will be available within the next week for public posting. More formal discussion needs to be had in order to explain our screens. Morris briefed the group on the Calvert Screening database. Leighton will be the contact with Calvert. She'll hold the 5000-company index. This will solve a proprietary issue. She will coordinate with Santini Field. Cudhea commented that we cannot continue to rely on volunteers and that eventually will need to be funded by the UUA. Santini Field said that we do not want to get in to a position of not being able to fund other items because we are devoting too much money to screening. Sherblom said that these costs reflect in the net returns and we cannot make SRI less profitable than other areas. GIF needs to keep costs at or below 1%. In discussing issues and using stories to sell the GIF we need to be very careful about privacy and confidentiality issues. We are not ready to be marketing the GIF to congregations. Allen-Thompson wanted to know if it was possible to populate a list of congregations who invest in the GIF or would that violate confidentiality. Gabert felt that this might need to be approved by the board. Proxy voting: ISS has released their 2004 guidelines but they are not available for the meeting. Cudhea voiced her desire that monitoring the ISS issues would be the responsibility of the Advising Working Group. We could post some of the ISS guidelines be publicly posted "after the fact". Gunning stated that the Advise-Working Group needs to review the ISS materials immediately. Blackwood, Morris, and Gunning need to be trained in ISS. Gladyszak will email everyone about how to setup training via email and phone. Calvert notes: The UUA voted to invest \$100,000 in Calvert notes last week. Gladyszak said that even though approval might be given immediately, we often have to wait for notes to mature so that we have cash available. Discussion was held surrounding the community investing and separately held funds as their inclusion in the UUA endowment but is not part of the

GIF. Santini Field felt that the Investment Committee voted to include the funds in the GIF. Lucia will bring to the Investment Committee a question of inclusion of community investment in GIF.

Leighton briefed the group on the Compensation and Benefits Commission. They are unhappy with Fidelity. The service that Fidelity is providing is good but their social mission and handling of issues surrounding UU values is lacking. We have told Fidelity that we want these funds to be socially responsible. We will not have a significant voice in the movement of the Fidelity funds. Morris supplemented Leighton's report with input from UUMA. A key issue is Fidelity's refusal to offer domestic partnership benefits to their own employees. Morris stressed that we cannot view corporations as an evil entity but as a body made up of individuals, some of whom are UU and we need to work inside to change corporate policy and practice.

Enabling Congregation Working Group. Leighton has volunteered to convene this workshop. Upcoming important events are GA and the October Massachusetts training. Discussion was held surrounding the new website and what information should the website have. Cudhea made some formatting suggestions and Gabert followed up with some suggestions that the site be linked through the Connections website, managed by the Harlan Limpert, Director of Lay Leadership Development. Ann Gary's contract will expire in June, so we need to work with her prior to her contract's termination. MFIW – Morris said that everything is going fine. Leighton and Blackwood asked to be added to the distribution list for notes and minutes. Susan is working on a database of advocates. Cudhea said that she would like to create a database or log of inquiries and volunteers. Leslie said that she needs some more feedback on information for SRI-news. She asked for greater input from the enabling congregation WORKING GROUP members. Cudhea asked that we look for more information from the National Community Capital Association (NCCA). Allen Thompson said that their website is very easy to navigate but light on content. We should also look at Calvert who has a rather extensive website with the same info as NCCA. Cudhea brought up a request by the UUHC to increase our matching grant from the current \$10,000. Santini Field and Gunning voiced their concern over raising the match simply to look good to the board. Gunning did not want it to tie up funds by matching large grants from wealthier congregations. AT followed up with the ministers about the Social Audit Concord and Carlisle. Sherblom gave an account of his conversation with the Concord, MA congregation. Sherblom has offered to call the Carlisle congregation and get some feedback on how the presentation went at that congregation. Sherblom mentioned that Watertown, MA has begun gradually moving their portfolio to SRI information and will do a special service to explain this information. The service will take place on February 29, 2004 at 11 a.m. Leslie will attend and post a text of the sermon and photos on the website.

GA: Leslie briefed the groups on the proposed workshops. (see handouts). There was exasperation voiced over the cost of renting a PowerPoint projector. Santini Field said that she would love participation from CSRI during the Investment Committee workshop. Gunning will confirm with the GA office about the UUSC workshop. Cudhea said that the UN has named 2005 as the year of the micro-credit. Morris recommended that we contact Mohammed Unis to do a workshop at GA 2005, Fort Worth, TX. Leighton will serve as a contact as the CSRI workshop. Cudhea brought up a policy issue with the staffing of the booth. Cudhea asked for input on how to handle 3rd party handouts and informational tract from for-profit organizations. Santini Field recommended that we limit to out stuff and other non-profit organizations. We do not want to appear to endorse any third party for-profit products and companies.

Budget: Gabert presented some information presented on the FY'05 budget. Gabert clarified the procedure for committees to request funding. Leslie distributed some budget information. Cudhea will aim to put together a new budget request by April 1, 2004. The Committee will need to request additional travel funding for the new members for this fiscal year and increase the budget request for FY'05.

Future Meetings, Phone Conferences and Working Group Assignments:

Next call-in meeting will be April 8th at 11 a.m. EDST.

Shareholder Advocacy Working Group: Gunning (convenor), Gabert, Leslie, Leighton
Advisory Working Group: Blackwood, Gunning, Santini Field (convenor), Allen
Enabling Congregations Working Group: Leighton (convenor), Morris, Leslie, Santini Field,
Cudhea, Blackwood

October meeting will be on October 3rd and 4th at Eliot/Pickett House. Training will take place following October 2nd training.

Enabling Congregations Working Group conversation tentative date: Friday 2/9 11a.m. EST.

The meeting closed with a brief check-out.

Respectfully submitted,

Glenn Charbonneau
Assistant to Treasurer