

## UUA Socially Responsible Investment Committee – Minutes **DRAFT**

24 Farnsworth Street  
Boston, MA 02210  
Room 210  
May 17, 2017

Members present: David Stewart, Co-Chair, Kathy Mulvey, Co-Chair, Tim Brennan, Vonda Brunsting, and Lucia Santini

Members absent: Kristin Faust, Marva Williams

### 1. Performance Review – NEPC

- The endowment returned 5.6% (gross of fees) during Q1 of 2017, ranking 3rd in the universe, outperforming the allocation and policy index. Strong start to the year.
- Over the trailing one-year period, the endowment returned 11.0% (gross of fees), ranking 53rd in the universe and underperforming both the allocation and policy index.
- Over the ten-year time period, performance ranked in the top quartile of the peer universe.
- Month of April shows additional 1.9% increase.
- On a look through basis the portfolio allocation is 61% equities, 8% hedge funds, 24% fixed income and, 7% private markets and real assets.

### 2. UUA Carbon Footprint Analysis – Brennan, NEPC

- Reviewed the carbon underground 200 list against the separate accounts portion of the portfolio and find we have 17 holdings in the Rhumblin account at 3.9% of the portfolio and 1 holding in the Breckinridge Corporate account at 2.2% of the portfolio. Rhumblin exposure is down from 4.3% in 2016.
- These numbers translate into 0.5% of the entire separate account portfolio being invested in the carbon underground 200 list. Considering that we maintain the 17 holdings in Rhumblin intentionally in order to perform shareholder advocacy, our portfolio weight is really only 0.1%.
- Will be contacting Breckinridge to discuss the 1 holding in their account.
- Our previous carbon footprint analysis showed 49% of our portfolio emissions came from utilities whereas only 10% came from fossil fuel. As a result, we engaged with more utility companies this year.

**Action item 1:** NEPC to provide the list of the 18 holdings to the committee.

### 3. Screening – All

- Using the UUA screening criteria, Sustainalytics provides the Environmental, Social, Governance and, Human Rights analysis of the Russell 1000.
- Sustainalytics provides a category rating, based on our criteria, and this helps determine who we screen in/out. We do have the option to manually include or exclude any company.
- Sustainalytics has been very easy to work with and extremely responsive to our requests.
- Negative screening is provided to Sands and Pier and they screen out companies we identify.
- The data is also used by Rhumblin to create a portfolio that tracks the Russell 1000 at the same time it weights towards the better ESG performers. Interestingly enough, the portfolio is right on track with the index but is skewed toward much higher ESG performers than the index does.
- Rhumblin is a proof positive portfolio that proves performance doesn't suffer with ESG investing.
- Need to review SRI policy, criteria and, process involved.

**Action item 2:** Gaffney and Mulvey to review and work on the investment policy statement of both the Investment Committee and the Socially Responsible Investing Committee with an eye toward combining into a single policy.

**Action item 3:** Lasher and Stewart to review and work on the procedures for both committees.

**4. Minutes from meeting on March 8, 2017 – Mulvey**

**Motion 1:** To approve minutes from March 8th meeting without amendment. Moved, Santini; seconded, Stewart; all approved.

**5. Community Investing -**

- Tabled until the next meeting.

**6. Additional work on screenings – Mulvey**

- Waiting on Sustanalytics to have an additional round of engagement with Hewlett Packard. If and when they confirm they're not involved with Basel or anything else creating human rights violations, they will be eligible for inclusion in the portfolio.
- Will be making an effort to increase communication around our advocacy work and screens.

**7. Shareholder activism – Brennan, Brunsting**

- Update on resolutions and shareholder dialogues:
  - **ConocoPhillips:** Removed reserve replacement ratio as a metric for executive comp pay.
  - **Xcel Energy Inc.:** Agreed to produce a report showing how they can run their business in a way consistent with the 2 degree goal. They're well on their way and have been retiring coal plants before their useful lives are up and replacing them with renewables. Were very responsive and was a very positive conversation.
  - **Ford Motor Company:** Presented our lobbying disclosure resolution at their annual general meeting. Thanked us for our statement and committed to seriously thinking about it. Opened the door for additional dialogue. Received a 17.3 approval rate including the Ford family votes, excluding the family votes, received 38% approval.
  - **Exxon and Chevron:** Meetings are being held on May 31st.
- Scoping:
  - An ICCR group, led by Nadira Narine, met with New American Economy. Meeting was very good and may be a good partnership with ICCR who could model some of their work around immigration, starting with a statement of principles, and garner their support for it.
  - Considering mapping company headquarter locations with congregations in the same area to address companies directly.
  - Working to include in company discussions what transitions they're making for their workers and if they're taking into consideration impact on local communities.
  - CalPERS is working on an initiative called the Global 100. Found that half of their carbon footprint was from less than 100 companies out of 10,000 in their portfolio. Launching effort with other networks in other countries with global partners as part of their advocacy.

**Action item 4:** Brunsting to provide links to the Global 100, CJA effort and, prison divestment.

**8. SRIC guidelines, governance & transitions – Mulvey**

- Expertise sought to fill vacancies on the committee include shareholder advocacy, community investing and, communications; good to have diverse backgrounds and experience in areas such as labor and environment.
- Marva Williams is rotating off of the committee; the committee thanks her for her guidance and service.
- Julie Skye will be joining the committee as of July 1<sup>st</sup>.

Next Meeting Date  
August 31, 2017