

# UUA Committee on Socially Responsible Investing Meeting February 10, 2006

## Minutes

**Present:** Rev. Sheldon Bennett (UUMA Ministers Committee on Financial Education liaison), Tim Blackwood, Dan Brody (UUA Financial Advisor), Joan Cudhea, Jerry Gabert (UUA Treasurer), Jim Gunning (Interfaith Center for Corporate Responsibility liaison); Vanessa Lowe, Stephanie Leighton (CSRI liaison to Investment Committee), Susan Leslie (staff liaison), and Rev. Sydney Morris (Chair).

Will Saunders (Board of Trustees liaison) and Craig Scholl (Investment Committee liaison) were unable to attend.

**Opening:** The Meeting began with an opening song, followed by check-in from committee members.

First order of business, the Chair led the committee in a discussion of the committee's authority to make decisions. A case study was used involving how to vote the UUA's proxies, specifically asking what the committee would recommend regarding a proxy vote on shareholder right to insist on board diversity. Committee members were asked to cite sources of authority for their recommendations.

### *Sources of Authority:*

- UUA Principles
- UUA Policies
- General Assembly Resolutions and Statements of Conscience
- General Assembly Actions of Immediate Witness
- General Assembly Business Resolutions
- Board of Trustees Resolutions
- Favor/Avoid Screening Guidelines developed by CSRI and adopted by the Board
- UU history of living our values
- UU tradition of social justice
- Board of Trustees Charge to Committee for SRI
- Knowledge of the SRI field
- Interfaith Center for Corporate Responsibility research and policies
- Social Investment Forum research and policies
- Institutional Shareholders Services positions

*How to arrive at decisions on particular issues based on this authority derives from:*  
Education, reason, discussion, a holistic picture of the corporation being considered, and the social contract that the corporation has responsibility for with shareholders and external stakeholders.

*Questions to be considered for this case study:* Who is sponsoring the resolution? Management or shareholders? Other factors about the company – does its size play a role in its diversity, i.e. a small company may not be able to be as diverse. Are there other activities where the company is excelling?

*Summary:* There was agreement that committee is in a position to claim well-educated authority for its recommendations.

### **Chair, Staff & Liaison Reports:**

**Chair:** Rev. Sydney Morris, Chair, met with Rev. Jim Sherblom of the Investment Committee and they agreed that we are all learning how to implement SRI and will stay together in a process of discernment and share information etc.

**Treasurer:** Jerry Gabert, Treasurer announced that he will be retiring in June. The resolution from the Finance Committee – an ‘ode’ to Jerry Gabert – was read by stanza by the committee members.

Jerry distributed a report on the 2005 calendar year performance of the GIF.

He reported that the Investment Committee recently met with representatives from Wachovia Bank. They offered to let CSRI review their portfolio as an example of SRI portfolio. [not sure I got this right – Jerry?

**CSRI Staff Liaison:** Susan Leslie, Director of the Office for Congregational Advocacy & Witness, reported on making connections to SRI and sharing information and resources with UUA staff, affiliates, and congregations including: SRI report on web pages for Global AIDS Day, materials to Wayne Clark for UUA Financial Consultants, request for interface with UUJEC database to market SRI, request for SRI inclusion in UU University at GA to UUA Moderator, information on SRI to UUA JUUST Change Consultants and Social Justice Empowerment Facilitators, and work to create a UU lawyers network that could deal with challenges at the SEC to proposed resolutions. Staff also provided support to SRI Teleconferences and updated SRI website and produced three issues of SRI News.

Audra Friend, assistant to staff liaison, reported on the results of participation in the SRI Teleconference Workshop on Community Investing. There were 20 registered callers from over a dozen states, including a group call from Wyoming and from MA.

**UUMA Financial & Education Committee Liaison:** Rev. Sheldon Bennett was welcomed to his first meeting as the new UMA Financial & Education committee liaison.

## **Committee Working Groups Reports & Actions:**

### **Shareholder Advocacy Working Group:**

Jim Gunning, Convener, reported that UUA filed resolutions on the issue of reporting on the economic effects of the HIV/AIDS, tuberculosis, and malaria pandemics on the company's business.

UUA was the primary filer with Marathon and co-filer with ConocoPhillips, Chevron, and Abbott Laboratories.

UUA co-filed corporate governance resolutions on:

- excessive CEO/Director compensation with Merrill Lynch.
- separation of chair and CEO roles with Time Warner.
- compensation for non-employee directors with Wells Fargo.

UUA was a co-filer on a resolution to explicitly prohibit discrimination based on sexual discrimination with Exxon Mobil.

For full report and copies of resolutions, see Jerry Gabert, UUA Treasurer, Report to the Board of Trustees on Shareholder Resolutions at <http://www.uua.org/TRUS/jan06/C7c-shareholders.pdf>.

Jim reported that the UUA recruits UUs to represent the New York City Pension Fund, Domini, and a Catholic fund, at annual shareholder meetings.

### **Actions:**

- Jim Gunning will provide the committee with a detailed list of UU representatives, the meetings they attended, the resolutions they spoke for, and the outcome of the votes.
- Shareholder activism group needs to review the portfolio holdings for shareholder advocacy.
- Get Treasurer's job description to identify how SRI & work with CSRI are designated. The committee needs to ensure that the shareholder advocacy program is not lost when Jerry Gabert retires.

### **Community Investing Working Group:**

Dan Brody, UUA Financial Advisor, presented a proposal for a new UUA Community Investing Policy:

Changes include:

- The Treasurer shall invest the maximum practicable portion of the UUA's cash and other short-term current assets in Community Investments.
- In addition, the Treasurer shall invest 1% of the GIF (to include UUA & congregational investments) will be invested in community investment funds.

- Include micro-enterprise lenders in UUA definition of community investing institutions.
- A portion of UUA's Community Investing assets may be used to match congregational and district Community Investments of up to \$10,000 per congregation or district.
- A portion of the Community Investments may be made to support advocacy and witness as recommended to the Treasurer by the President of the UUA.

The CI Working Group reported that:

- The General Investment Fund is \$117 million
- 1% = \$1.17 million (\$1,170,000)
- Current UUA Community Investments = \$986,188
- Cong. Properties & Loan Commission = \$553,700 (These funds are in CDs that are maturing.)

[QUESTION: Do people want proposed changes & all this in the minutes or just the actions?]

**Actions:**

- CSRI asks Treasurer Jerry Gabert to delineate a process for all three sources of funds available for community investing be tracked and accounted for.
- Education & Outreach Working Group and staff publicize the matching funds program. Northeast District has applied for \$10,000 matching funds for their investment in North Winds. Get more information and include in publicity.
- CSRI agreed to a motion drafted by the Community Investing Working Group to update and expand the UUA's current community investing policy.
- Dan Brody will circulate Community Investing Proposal to the CSRI and the Investment Committee via e-mail, and the final version will go to the Board for approval in April.
- Working Group recommends that the match be increased to \$20,000. [Where does this stand? Does treasurer need to approve?]

**Advise & Assist UUA Working Group:**

Stephanie Leighton, Convener, reported that the goal is for the UUA GIF fully utilizing SRI by 2008

The Investment Committee is working with Progressive Asset Management (PAM) to provide a do-not-buy list on the Russell 3000; evaluate and score companies of the Russell 1000 on a numerical scale based upon UUA guidelines, and analyze and make recommendations about UUA screens.

Stephanie Leighton distributed UUA's guidelines to Institutional Shareholders Services (ISS) for voting UUA's proxies.

The Working Group proposed new screens on corporate governance and non-discrimination policies.

### Actions:

- Stephanie Leighton will send the website address and password for ISS. There is detailed information on their website about various issues that are voted on.
- CSRI adopted proposed new screens on corporate governance and non-discrimination policies.
- Dan Brody will work with Will Saunders regarding Board of Trustees approval.

### Education & Outreach Working Group:

A report on the Community Investing teleconference workshop was given – good presentation and good participation from UUs. Two more will be held on Feb. 18<sup>th</sup> and March 4<sup>th</sup>.

General Assembly: A workshop on SRI Basics and a Hearing with the Investment Committee will be held. Booth space has been reserved. Dan Brody, UUA Financial Advisor, will be leading a session on finances at UU University, a pre-GA event for congregational leaders that will include SRI information.

### Actions:

- Working Group will develop a survey for follow-up with participants. - *Vanessa*
- Audra Friend, staff liaison assistant, will send a report to the Working Group on info we have on who joined the call, how much it cost, what lists it was advertised on etc.
- Committee reviewed IW Financial software. It currently lacks corporate governance criteria. They are developing this but selling as a separate package for \$10,000. Although it was agreed that the criteria is fairly thin, the working group recommends that UUA keep using IW Financial. Recommend that CSRI renew the contract with IW Financial software for \$2500.
- Dan Brody and the Working Group will make sure information and resources are available for distribution at the UU University session.
- GA Booth -- E & O Group will develop a plan for materials, staffing, etc.  
**Deadline with GA Office is March 15<sup>th</sup>.**

### Ongoing Business:

#### Board Process:

### Actions:

- A joint report from the CSRI & IC will go to the Oct. Board Meeting.
- CSRI will meet with IC quarterly (at their meeting) and review the work of Progressive Asset Management (PAM).
- Stephanie Leighton will work with Richard Torgerson of PAM, review his process, criteria etc.
- Sydney Morris will attend the Investment Committee meeting on March 2, 2006.

- Stephanie Leighton will serve as CSRI liaison to the Investment Committee.
- Information about GIF on SRI website is incorrect. Sydney Morris will draft new language and circulate. Susan Leslie will bring to Kay Montgomery for final approval and then post to the website.
- CSRI will give IC the Boston Common Asset Management UUSC report (CSRI will check with Boston Common before forwarding it on).

**Anti-Oppression:**

The Chair asked the committee for suggestions to incorporate anti-oppression into the ongoing work of CSRI.

**Actions:**

CSRI will make this a regular part of committee work by:

- Educating members, using process observation used by Board, reporting out work to include how it relates to anti-oppression.
- Will Saunders recommends contacting Joan Lund on Board anti-racism team to arrange for their assistance with education, training, process etc.
- The anti-racism Board team has a template of questions etc. to use re process observation that Will will obtain.

**Other Business:**

**Action:** Staff liaison will update CSRI Roster and the committee budget.

**Next Meeting:** Sept. 6-7

Respectfully submitted,

Susan Leslie, CSRI Staff Liaison  
 Director UUA Office for Congregational Advocacy & Witness