

UUA Socially Responsible Investment Committee – Minutes

24 Farnsworth Street

Boston, MA 02210

Room 210

February 8, 2018

Members present: David Stewart, Co-Chair, Kathy Mulvey, Co-Chair, Tim Brennan, Vonda Brunsting, Kristin Faust (by phone), Lucia Santini, and Julie Skye

Members absent: None

1. Minutes from meeting on November 9, 2017 – Mulvey

Motion 1: To approve minutes from November 9, 2017 meeting without amendment. Moved, Santini, seconded, Brunsting. All approved.

2. Shareholder Advocacy -

- Proxy voting policy - Brunsting
 - Have reviewed the 2017 ISS proxy voting guidelines; need to ensure climate and diversity profile are included.
- Update on resolutions filed/co-filed for 2018 - Brennan
 - There is a coordinated effort by financial companies to exclude lobbying proposals. Goldman Sachs appealed to the SEC to all them to omit our lobbying proposal from their proxy. With the assistance of Beth Young, the UUA filed an objection and they filed a response to our objection. Talking with Beth Young to determine if we should respond again.
 - Ford Motor asked SEC to allow them to exclude the lobbying proposal by the UUA and a Political Spending proposal filed by another organization contending that they were duplicative. SEC disagreed, and filings will move forward.
 - In dialogue with BlackRock on lobbying and Northern Trust on political expenditures.
 - Withdrew Goodyear proposal, have disclosed on lobbying but poorly. They're receptive to the suggestions we provided to improve disclosure.
 - Active engagement with the oil and gas companies in which we are participating.
 - Exxon vote received 62% on a resolution requesting a 2 degree scenario analysis last year and they did produce a robust and detailed report.
- Climate Action 100+ engagement – Brunsting, Brennan
 - Global group of investors joining together to have a larger impact in negotiations with the 100 companies in the world responsible for 50% of all emissions. Asset owners representing \$28 trillion signed up; have regional co-chairs and a steering committee. Currently 25% of Exxon shareholders are members with a goal of reaching 50%. As asset owners engage with companies they can also add demands for a just transition.
 - Special session was held at United Nations Summit on Climate Risk.
 - Ceres asked that the UUA be a co-lead with CalPERS at Exelon.

Action item 1: Brennan to provide to Brunsting the 2018 ISS proxy voting guidelines when available.

Action item 2: Brennan to circulate our objection to the Goldman Sachs request to omit our lobbying proposal.

Action item 3: Brunsting to circulate the 50/50 Climate Project report on political spending to the committee when available.

Action item 4: Mulvey to distribute BHP Billiton report on trade association positions.

3. Screening -

- Questions for Sustainability presentation – Stewart
 - Purpose of the presentation is to help the Investment Committee understand how Sustainability does their ratings and then how the UUA uses that information.
 - Rhumblin will all be presenting how they use the data to create our index portfolio.
 - Need to obtain follow-up report on Hewlett Packard.

Action item 5: Skye to distribute Baron's article on 100 Most Sustainable Companies.

4. Community investing -

- Updates to policy based on legal opinion – Brennan/Faust
 - Investment Committee does have the authority to delegate the Community Investment decisions to the Socially Responsible Investment Committee.
 - If a proposed investment is outside of the policy must take to Investment Committee for approval.
- Metro IAF Community Restoration (VOICE) – Faust
 - Answers to outstanding questions were satisfactory.
 - Investment would be for 10 years with an additional term of 5 years, at the funds discretion, at an interest rate of 2%. Investment will need to be reviewed and approved by the Investment Committee.
 - This is a startup fund and we would be the initial Class A investor at \$50,000. Faust to reach out to Martin Trimble to confirm our shares will not be subordinated.
 - Metro IAF has already made two loans from the assets currently raised and are working on a third.
 - Hired The Reinvestment Fund (TRF), a CDFI, as the underwriter for the term of the fund.
 - Will be sending us the operating agreement between Metro IAF and TRF.
 - The Metro IAF Board does hold final approval for all investments regardless of TRF recommendation.
 - Should TRF be removed as fund manager or more than 10% of projects not approved by TRF be approved by the Board of Directors, SRIC would work with the Fund managers to leave the fund.

Motion 2: To recommend to the IC that an investment of \$50,000 be made to the Metro IAF Fund, provided there is no subordination of Class A shares. Moved Santini, seconded Brunsting. All approved.

5. Communications and outreach

- FAQ to enhance understanding of socially responsible investing and promote the Unitarian Universalist Common Endowment Fund – Brunsting, Skye
 - Aim is to help congregations understand the gradation of SRI and get out the word on advocacy.
 - Prepare on piece based on the following questions:
 - a) What are we getting for our fees?
 - b) Why should we sacrifice performance for SRI?
 - c) What are the elements of an SRI fund? Best in breed, proxy voting, direct engagement with companies, shareholder advocacy, community and impact investing.
 - d) What does UUCEF leadership mean in terms of promoting UU values?
 - e) Working in coalition other organizations.
 - f) What does the UUCEF give you access to that you can't get as an individual?
 - g) Index funds versus actively managed funds? Volatility of passive versus active.

Action item 6: Mulvey to provide Brunsting and Skye the questions her congregation is asking.

6. SRIC guidelines, governance and transitions -

- Outreach to potential SRIC members – Mulvey, Stewart
 - Pat Tomaino of Zevin is an interested candidate. With the agreement of the committee, will follow up with him and ask him to apply.
 - Discussed the need to appoint the crossover member to the Investment Committee.
- Contact with General Assembly (GA) office confirms there are no Business Resolutions upcoming at GA18.
- Principles for Responsible Investment (PRI): Board Responsible Investment Tool – Brunsting
 - Several religious denominations are part of the PRI and would like the UUCEF to join. Membership cost is about \$1,000 year with a bye for the first year. Need to determine if NEPC is willing to work with us on the assessment.
- Simon Billenness to do GA resolution research.

Action item 7: For the Investment Committee to explore the tool and sign on to PRI. Moved, Brunsting, Seconded Santini. All Approved.

Action item 8: Brunsting to contact Rob Lake to see if he could review and discuss the new tool, How to Help Boards Assess their Responsible Investment Readiness, with the Investment and Socially Responsible Investment Committees.

Motion 3: To recommend to the Investment Committee to join the PRI pending NEPC's agreement to handle the legwork required. Moved, Stewart, seconded Santini, all approved.

Motion 4: To recommend to the Investment Committee to hold a joint session with the Socially Responsible Investment Committee to explore the How to Help Boards Assess their Responsible Investment Readiness tool. Moved, Santini, seconded Brunsting, all approved.

7. Agenda items for May 22, 2018 meeting - Committee

- Anti-racism training
- Review and possibly retuning Sustainalytics settings.
- Discuss with the Investment Committee delegating to the SRIC the review and potential retuning of the Sustainalytics settings.

8. Joint session with Investment Committee

- See Investment Committee minutes.

**Next Meeting:
May 22, 2018**