

UUA Socially Responsible Investment Committee – Minutes
24 Farnsworth Street
Boston, MA 02210
Room 210
August 16, 2018

Members present: Kathy Mulvey, Chair, Tim Brennan (by phone), Vonda Brunsting, Lucia Santini Field, Julie Skye and Pat Tomaino

Member absent: Kristin Faust

1. Minutes from meeting on May 22, 2018 – Mulvey

Motion 1: To approve minutes from May 22, 2018 meeting without amendment. Moved, Santini, seconded, Skye. All approved Tomaino abstained.

2. Report from GA 2018 – Brennan, Brunsting, Mulvey, Santini, Skye, Tomaino

- Divestment Business Resolution - Brennan
 - Year four report was presented in a workshop which went very well.
 - Will be doing a video presentation for FY19 to run in a general session; will be hiring a professional videographer on staff. Ideas and feedback welcome from committee members. Will hold a workshop in addition.
 - Potential follow-up resolution on Climate Action 100+ anticipated; beginning work to address this soon would be helpful.
 - Preference would be to have a responsive resolution as opposed to a business resolution.
 - Considering offering times to meet SRIC members and discuss SRI topics at a table in the Exhibit Hall in lieu of a booth on the expressway.
- Advancing Racial Equity through Impact Investing - Tomaino
 - In workshop, discussed total portfolio approach to showing up for racial justice. Talked about shareholder advocacy and initiatives coming out of ICCR which the UUA has been instrumental in. Also touched on diversity/equity/inclusion, fair chance hiring and other issues of non-discrimination.
- Update on UUs for Justice for the Middle East (UUJME) – Mulvey
 - Members attended a program on “Ending White Supremacy from Standing Rock to Ferguson to Palestine” organized by UUJME and cosponsored by Black Lives UU (BLUU) and Diverse Revolutionary Multicultural UU Ministries (DRUUM).
 - Collective of UUJME, BLUU, DRUUM, Ministry for Earth and UURise are interested in doing more advocacy around our investments and human rights on issues including mass incarceration and private prisons, immigrant detention, fossil fuel extraction and pipeline construction, and violations of Palestinian rights.
 - Advised them that we are presently reviewing the SRI guidelines and how they’re translated into our screening. Asked for additional discussions prior to filing a GA resolution.
 - Determine how to communicate with UUJME about some of the broader work that’s going on, including through the new Investor Alliance for Human Rights, of which the UUA is a member. Discussed the potential for a conference call.

Action item 1: Mulvey to follow-up with UUJME and other organizers to discuss potential meeting.

Action item 2: Brennan to contact Sustainalytics regarding human rights screen.

3. Shareholder Advocacy

- Custom proxy voting policy & annual voting record – Brennan
 - Policy changes were presented to ISS and are now part of our custom voting policy.
 - Determined that the live proxy voting site received minimal traffic over a full year; expense not justified. Canceled the live feed service and instead will be posting annual reports.

Action item 3: Mulvey to write a blog on annual voting report availability.

- Communicating 2018 successes, including Range Resources vote – Brennan
 - Range Resources announced at the annual meeting and reported in their 8K that our resolution passed. Posted an amended 8K stating it didn't pass noting their by-laws allow them to count abstentions as no votes.
 - Agreed to proceed with resolution behind a strong vote and agreed to talk with us; we invited Steven Heim of Boston Common to join the discussion. Will report again after the meeting scheduled for the end of the month.
- Update on Climate Action 100+ – Brennan
 - We are involved with three companies:
 - a) Co-lead with CALPERS at Exelon, did joint letter to the company explaining the program and asking them for high level engagement.
 - b) A supporting investor with Xcel; we've been engaged with them in the past on the 2-degree scenario.
 - c) Ceres asked us to take the lead at Devon Energy to which we agreed; will be sending out a letter to them in September.
 - Large part of FY19 advocacy work will surround the Climate Action 100+ but will continue lobbying and political spending work.

Action item 4: Mulvey to forward email and link to sign-on letter asking corporations to leave the American Legislative Exchange Council after providing a platform for spreading hateful rhetoric at their national conference.

4. Community Investing – Faust

- Quarterly check-in on community investments – Faust
 - Deferred to November meeting.

5. Other agenda items for November 20th joint meeting -

- Additional discussion on potential GA19 resolutions, workshops, and expressway representation.
- Discuss possible tools for workshop promotion.
- Human Rights discussion on how we can fit in with the work of Investor Alliance for Human Rights and private prison work.
- Discuss investment policy language and how SRI may contribute to it.

Joint session with Investment Committee

6. Updated Socially Responsible Investing Policy – Brennan, Gaffney, Mulvey

- Discuss draft
 - Used 2010 policy as basis for revision; hired Simon Billenness to review all GA resolutions since 2000 and to recommend what needs to be added. Incorporated recommendations from him and SRIC member, Kathy Mulvey, into draft policy.
 - Additional update will clarify that policy applies to all investments types.
 - All members to forward their comments to Kathy and Tim for further review and potential inclusion. Will circulate new draft to all for review.
 - Robust thematic discussion clearly identifies additional work and discussions are necessary.

Action item 5: Brunsting to distribute outside pension fund investment policy, which has an integrated investing and socially responsible investing policy, to committee for review.

Action item 6: Tomaino to craft language incorporating racial justice and dismantling white supremacy.

7. Screening criteria –

- Report from screening subcommittee – Brennan, Gaffney, Lasher, Skye, Tomaino
 - Had a call with Sustainalytics about options for screening criteria; including screening out the bottom 7.5% instead of 5%, scoring environmental, social and governance (ESG) separately.
 - Leaving screening criteria as is until Sustainalytics we can review new methodology.
- Next steps (including meeting with Sustainalytics, testing permutations of criteria vs. updated Investment Policy, process for annual review of criteria)
 - Expecting new screening options to come available soon.
 - Committee would like to hear how analysts arrive at the issues they consider material in rating a company.
 - Will get an overview of the new system.

Action item 7: Brennan to contact Sustainalytics to set up a call to discuss their new system and to provide the higher-level detail on how analysts arrive at the issues they consider. Will ask for their whitepaper to be distributed to the committee.

Action item 8: Gaffney to prepare questions for higher level analyst discussion.

8. Joint IC/SRIC report to UUA Board in October - Gaffney, Mulvey

- Key points to highlight in report
 - Update on integration of committees and integrated policy perspective.
 - Presentation of investment results should be both quantitative and qualitative. Understanding UUCEF fees; what you're getting for what you're paying.
 - What committee(s) looks at and for on a quarterly basis; concerns/worries.
 - Quality of committee members.
 - Scope of what both committees do; balancing risk, return and values.
 - What socially responsible investing encompasses; screening and analyses, company engagement, and community investing.

9. Performance Review – NEPC, Committees

- The Endowment returned +1.1% (gross of fees) during Q2 of 2018, ranking 32nd in the universe, outperforming the allocation index and the policy index
- Over the trailing one-year period, the Endowment returned 9.9% (gross of fees), ranking 5th in the universe and outperforming both the allocation and policy indices.
- Over the trailing ten-year period, performance ranked in the second quartile of the peer universe.

10. Prep for anti-racism training in February – Brennan, Santini

- Will plan training for joint committee and NEPC.
- Need to do advanced work to come up with questions/objectives on how it intersects with work of the committees.

Action item 9: Pelletier to provide additional consultant to discuss training with.

Action item 9: Brennan, Santini, Tomaino and Skye to have a call with Parisa Parsa to discuss scope of training.

Action item 10: Brennan to contact Parisa Parsa to schedule half day training for February 21st.

11. Review ESG scorecards for UUCEF fix income investments – NEPC

- Deferred to November meeting.

**Next Meeting:
November 20, 2018**