EXECUTIVE COUNCIL COMMITTEE ON CORPORATE SOCIAL RESPONSIBILITY

Membership

The. Rt. Rev. Douglas Fisher, *Chair*	Western Massachusetts, I	2021
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Mr. Casey Clark	New York, II	2021
The Very Rev. Mark Goodman	Rio Grande, VII	2021
Mr. Paul Neuhauser	Iowa, VI	2021
Ms. Diane Pollard	New York, II	2021
The Hon. Byron Rushing	Massachusetts, I	2021
The Rev. Kirsten Spalding	California, VIII	2021
The Rt. Rev. John Harvey Taylor	Los Angeles, VIII	2021
The Most Rev. Michael Curry, *Ex Officio*	North Carolina, IV	
The Rev. Gay Clark Jennings, *Ex Officio*	Ohio, V	

Acknowledgements

The committee would like to acknowledge Ms. Janet Brown, the Liason to the Investment committee, as a regular participant in our meetings. The committee is indebted to Mercy Investment Services for its consulting expertise led by Ms. Pat Zerega and her team. The committee is also indebted to the Heartland Initiative for its guidance on implementing a human rights Investment screen and the Church's No Buy policy on military contracting. Volunteer consultant and past member of CCSR, Mr. William McKeown, Esq, provided many hours of support to the work of the committee, especially in implementing two 2018 General Convention resolutions, 2018-B007 on investing in gun manufacturers and 2018-B016 on developing a human rights investment screen relative to the Israeli/Palestinian conflict. The committee also salutes the Church Pension Group for its active involvement with CCSR in the areas of climate change, human trafficking and board diversity, and especially in joint work on 2018-C021 from the 2018 General Convention. Finally, last, but by no means least, the committee heartily thanks the Treasurer, Mr. Kurt Barnes, the Director of Management and Banking, Margareth Crosnier de Bellaistre, the Director of Government Relations, Ms. Rebecca Linder Blachly, and the staff of the General Convention Office for their unfailing staff assistance, without whom the committee simply could not function.

Mandate

2015 - AN/FFM 008

Resolved, That the Executive Council, meeting in Linthicum Heights from November 15-18, 2015, establish the Executive Council Committee on Corporate Social Responsibility to be responsible for researching the social responsibility records of corporations whose stock is held in DFMS portfolios and recommending appropriate courses of action based on the positions established by General Convention and Executive Council. The procedures for this committee will be as follows: With the approval of Council, it will be responsible for developing shareholder resolutions on social justice issues to be submitted to companies in which the Church invests its funds. CCSR will also review similar resolutions being offered by other churches or advocacy groups and recommend whether the Episcopal Church should support them. These recommendations will be forwarded to the Executive Council through the Standing Committee on Advocacy and Networking. As new issues come up during the triennium, CCSR will forward its recommendations to the next meeting of Executive Council. Membership will consist of nine members, including at least one bishop, one priest or deacon and one lay person; one member of FFM, one member of the Investment Committee, and one member of A&N. Members will be nominated by the Presiding Officers of the Executive Council jointly and elected by Executive Council.

Summary of Work

CCSR is responsible for reviewing DFMS's investment portfolio and applying ethical criteria developed by the Church through its General Convention and Executive Council. This has been so over its 50 year history. The work of CCSR for the current triennium included corporate advocacy, reviewing of No Buy Lists (divestment), and three mandated assignments from the 2018 General Convention calling for development of a human rights investment screen, development of an investment plan in gun manufacturers and retailers, and a joint effort with the Church Pension Fund to advocate for climate expertise on corporate boards of directors. All are addressed in this summary of work.

Acronyms commonly used:

TEC: The Episcopal Church

DFMS: The Domestic And Foreign Missionary Society, the corporate entity that owns and manages property for TEC

CCSR: The Executive Council's Committee on Corporate Social Responsibility

ICCR: The Interfaith Center on Corporate Responsibility, the ecumenical and interfaith body of which TEC is a founding member. Most shareholder activity by CCSR is coordinated through ICCR

SEC: Securities and Exchange Commission which sets regulatory shareholder guidelines

ADVOCACY SHAREHOLDER ENGAGEMENTS

CCSR's advocacy work consisted of multiple engagement methods including company dialogues, filing shareholder resolutions, sending letters raising concerns, and participating in sign on letters. For the 2019 proxy year (July 2018 – June 2019), CCSR participated in 25 engagements at 23 different companies, including the filing of six shareholder resolutions, while in the 2020 proxy year (July 2019 – June 2020) there were 27 engagements at 25 different companies, and seven shareholder resolutions. For the 2021 season (July 2020-June 2021) there are 38 engagements among 36 companies and and potential for filing 8 shareholder resolutions as this report is written. This report provides a summary of activity for the 2019 and 2020 proxy years, and listing the companies engaged for 2021, including those actions taken on our behalf by Mercy Investment Services, Inc., our contractor for socially responsible advocacy efforts. CCSR resolutions are filed by the Domestic and Foreign Missionary Society (DFMS), the owner of the shares. The DFMS is the corporate entity that owns and manages property for the Episcopal Church, sometimes written as TEC.
The subject areas of engagement as described below are Human Rights, Health and Safety, Care of Creation and Corporate Governance and Accountability (Board Diversity).

COVID-19 Impact on Engagements in 2020 Onward

With the beginning of the COVID-19 pandemic in early March 2020, the "normal" proxy year as well as everyone's "normal" world shifted. Face-to-face meetings with companies shifted to video format, conferences were cancelled, and discussions began on how to engage with companies on this new and continually evolving topic. Various industry and/or topical subgroups within ICCR developed targeted COVID letters specific to that area. In addition, ICCR developed two COVID-19 investor statements, one that called on the business community to step up as corporate citizens, and recommending measures corporations can take to protect their work forces, communities, businesses and markets as a whole. Another letter was on best practice guidelines for virtual annual general meetings (AGMs) and investor rights. In addition, dialogues were often postponed as companies dealt with the immediacy of the COVID crisis for their business, and dialogues that did continue often included a change of focus, shifting to issues surrounding the pandemic.

Impact of Securities and Exchange Commission New Rules (September 2020) on Advocacy Processes

On September 23, 2020, the Securities and Exchange Commission (SEC) announced new rules regarding regulation of DEF14(a)8, which governs shareholder resolutions submitted to companies. The new regulations impose severe limitations on shareholder rights, and CCSR, through the Interfaith Center on Corporate Responsibility, and our Office of Government Relations have written to the SEC expressing opposition to certain changes. This will be an ongoing area of advocacy for CCSR.

Human Rights

Objective – Sex and Labor Trafficking	*The Episcopal Church (TEC) Policy*
Engage travel companies such as hotel, airline and trucking companies on compliance with best practice standards to mitigate labor trafficking, and child and women sexual trafficking.	Resolutions: o 2012-D042 Fight Human Trafficking o 2009-A167 Support Actions to Protect Victims of Human Trafficking o 2018-C032 Against Human Trafficking and support Code of Conduct for the Protection from Sexual Exploitation in Travel and Tourism" adopted by ECPAT (End Child Prostitution and Trafficking)

Delta Airlines

Delta Airlines continues its multi-year efforts in bringing awareness to the issue of human trafficking. In 2019, it began using End Child Prostitution and Trafficking (ECPAT) training with its employees, training 61,000 staff. Two Delta employees who had received training won the ECPAT 2019 Rescue Award for knowing the signs of trafficking and responding as trained. The company also launched an in-seat video on its aircraft about human trafficking. In 2020, Delta received COVID-19 related letters from the Interfaith Center on Corporate Responsibility (ICCR), our ecumenical partner. No response received as of this report.

Marriott International

In 2019, Marriott joined a Sourcing Freedom event in Washington, D.C., where trafficking and Marriott's response was discussed. The human trafficking training policy approved in 2018, including all properties, was rolled out with training implemented across the system. This made Marriott the first chain to train in all franchise operations. In addition, the hotel launched its first PSA focused on trafficking. Marriott reported that since the Starwood merger, 1/2 million staff have been trained. Marriott earned ECPAT's 2019 Visionary Award for its training efforts. At the urging of shareholders, Marriott publicly stated it would refrain from using its hotels for hosting families taken by ICE officials in immigration raids. In 2020, Marriott supported the ECPAT training guide for legislators, a resource guide encouraging legislators to have public conversations in their districts on human trafficking and followed up by co-hosting a sample training that 100 Congressional staff attended. Investors sent an email in March 2020 regarding news reports of several major hotel chains, including Marriott, being sued for alleged inaction to stop human trafficking occurring on their premises. Investors asked the company to provide information on how it is addressing the issues raised by the lawsuits, including evaluating any gaps in its processes to identify and report instances of trafficking. The COVID-19 communication sent also highlighted the potential risk for increased instances of human trafficking resulting from high economic stress and unemployment and asked how the company will work to strengthen its trafficking prevention efforts. Staff changes and COVID-19 have slowed company responses.

United Airlines

United reported training all flight attendants on human trafficking (54,000) in 2019 and noted employees were raising suspected cases appropriately. On labor trafficking, contracts with high-risk suppliers now contain language with 'no fees' and the company reported there was a process for restoring recruitment fees. After the company did not respond to several requests for dialogue in 2020, DFMS (Episcopal Church's corporate name), and ICCR partners filed a resolution requesting a report assessing the feasibility of integrating objective sustainability metrics into performance measures, performance goals or vesting conditions that may apply to senior executives under United's compensation incentive plans. Sustainability is defined as how environmental and social considerations, and related financial impacts are integrated into corporate strategy over the long term. In a call, investors discussed concerns about the company's management and oversight of Environmental, Social and Governance (ESG) risks. Company agreed to continue dialogue and discuss ESG metrics further and stated its compensation and nominating/governance committees would further review investors' proposal and recommendations. Investors withdrew the proposal with this commitment. At the annual general meeting, investors asked how the company plans to continue efforts to reduce its emissions as it works to recover from the current drop in business due to the COVID-19 pandemic. CEO Scott Kirby noted his personal commitment to sustainability and his belief that customers will prioritize sustainability following the universal experience of the pandemic. The company announced in early July 2020, it plans to lay off up to 36,000 U.S. employees in October.

Objective – Human Rights	*TEC Policy*
Engage companies on efforts to ensure compliance with human rights standards in their own workforce, supply chains, including outsourced labor brokers, requirements in subcontractor contracts, compliance audits and performance /improvement measurement.	Resolutions: o 1994-D015 Reaffirm Support for Human Rights: "civil rights and political freedom are the universal bedrock of any meaningful scheme of human rights" o 2012-A012 Urge Governments to Follow Principles in Adopting Trade Polices: "That trade should respect and enrich rather than undermine local economies, cultures and peoples". o 2012-A131 Express Solidarity with Indigenous Peoples: "make protection of the rights of Indigenous Peoples a high priority in its advocacy about United States foreign policy, including advocacy about trade agreements, human rights advocacy, and international environmental protection" o 2018-B026 Embracing the United Nations Sustainable Development Goals

Kraft Heinz

In 2019, a letter was sent to the company calling out poor scores in the Corporate Human Rights Benchmark and Know the Chain reports. Investors decided to file a resolution on human rights and forced labor. DFMS co-filed the resolution which requested the board of directors report on the company's process of identifying and analyzing potential and actual human rights risks in operations and its supply chain. The company responded with a call to discuss the resolution and provide information on its plans to address human rights concerns. It planned to release a standalone human rights policy in 2019 and was looking to stakeholders for examples of best practices/case studies. Because of this forward movement, the resolution was withdrawn. The company planned to look at specific commodities, auditing processes, and processes for remediation. Materiality analysis was reported in the recent corporate social responsibility report and the company planned to conduct saliency assessment before completion of the human rights policy. In June 2019, the company adopted and publicly shared its human rights policy, which outline the guiding principles the company will follow to respect human rights, the scope of the policy, how it will be administered and who has oversight, and the components of human rights due diligence that the company will implement. DFMS was represented by Mercy Investments at the AGM in Fall 2019 and made a statement on behalf of investors who filed and later withdrew the human rights resolution. Following the AGM, investors had a call which included the topic of the company's work on addressing human rights risks. The company reported that it had met with Elevate and planned to hire the organization for assistance in conducting a human rights risk assessment. Kraft Heinz noted that Elevate will provide the assessment and recommended actions by the end of 2019 and the company will follow it up with training for managers and suppliers. The company agreed to schedule a follow-up call with investors in early 2020 to discuss the findings of the human rights impact assessment, but investors have been unable to secure a date from the company.

Objective – Israel/Palestine	*TEC Policy*
Engage companies operating in areas of civil and/or labor strife or racial disparagement (e.g., Democratic Republic of Congo, Israel/Palestine, Peru, Indonesia, and U.S.) on due diligence processes and/or enhancing their capacity to deal with potential human rights violations, in either case to help assure they are not directly or indirectly financially benefiting armed groups or engaged in repressive practices impacting indigenous peoples. Develop Human Rights Screen for Israel/Palestine and all occupied areas as well as areas of conflict.	General Convention Resolutions: o 2018-B016 Join ELCA and Develop Human Rights Screen in Israel/Palestine conflict o 2018-D068 Develop Procedures for deciding to engage or establish No Buy List (divest) from companies o 2003-D008 Urge Israel to End Policy of Demolition of Palestinian Homes o 2003-D081 Oppose Construction of the Israeli Security Wall o 1997-A107 Recognize Jerusalem as the Capital of Both Israel and Palestine o 1994-D065 Recognize Illegality of Israeli Settlements in Gaza and the West Bank

Bookings Holdings

Work began with the company in 2018 when a letter was sent requesting information on how the company identifies and manages human rights risk in its supply chain, specifically with respect to its rental properties in Israeli settlements in the West Bank. It also requested the opportunity to meet to discuss these issues. In response to the AirBnB announcement that it would remove listings from Israeli settlements, Bookings signaled it would not follow the example by saying "all accommodation providers worldwide to list on our platform as long as they are in compliance with applicable laws." DFMS filed a resolution in December 2018 asking the company to assess and report to shareholders on the company's policies and procedures to address the human rights-related risks associated with business activities in conflict-affected areas, including occupied territories. Company met with shareholders on developing a conflict zone human rights policy. It indicated it was a fast-growing company that had been decentralized by product and was just starting to look at establishing a set of principles. The lead filer withdrew the resolution and in exchange, the company agreed to convene an investor meeting with CEO Fogel and representatives of Booking Holdings and Booking.com. There it was announced that the company had selected BSR to assist in crafting a global human rights policy. The selection of BSR, the ambitious timeline of their compliance officer, and the enthusiastic participation of Fogel, demonstrate a seeming seriousness of intent. If the company successfully develops a robust global human rights policy, with particular attention paid to conflict-affected areas, it would establish itself as the industry leader (based on the weak/non-existent policies of its competitors). In April 2020, investors met with company to get an update on the status of the policy. The company does feel it will come out on the other side of the pandemic, but did lose 85% of its business from the prior year. As for human rights, BSR was engaged to do a scan of human rights risk. Following its report, a draft has been written and is being vetted at each of the business units. There was no resistance, but it is a slow process due to the impact of the virus. Company committed to share a draft with the group for input. Board knows of project but has not signed off on it yet. In September 2020, again reviewed with the company the current status of its policy for conflict areas. It did see conflict areas as high risk and was developing plans for how to address. The company did not commit to leaving these areas. The company hoped to have a full policy by December 2020.

Caterpillar, Israel Discount Bank, Motorola Solutions

DFMS filed a shareholder proposal in December 2018 requesting Caterpillar assess and report to shareholders on the company's approach to mitigating the risks associated with business activities in conflict-affected areas other than areas already addressed through its conflict minerals policy. A dialogue with the company after the filing focused on human rights impact assessments (HRIA) and investors asked for more disclosure and information on how it is looking at conflict-affected areas in its HRIAs, but the company refused. The resolution went to vote and received 7.8% votes in favor, sufficient to continue shareholder future filings. Israel Discount Bank did not respond to a request to meet in 2018/2019 after initially agreeing to do so. The bank is a major investor in Israeli settlements.

Motorola Solutions does business in countries with human rights challenges including China, Singapore, Middle East, Israel and occupied Palestinian territories. Human rights expertise at both management and board levels is critical to company success. DFMS filed a resolution with the company in November 2018 requesting it to identify and nominate an independent director with human rights expertise. The resolution received 8.87% votes in favor, sufficient to refile the resolution again.

In October 2019, the Executive Council, having noted CCSR's evaluation of its efforts over multiple years to engage with multiple companies in the Domestic and Foreign Missionary Society portfolio, and in order to implement Executive Council's Finance Committee's resolution (FIN-061), "directs that Caterpillar Inc., Motorola Solutions and the Israel Discount Bank be, and they hereby are, placed on the DFMS Human Rights No Buy List, and Council further hereby directs DFMS's money managers to sell DFMS's holdings in these companies." See further explanation below in the B016 resolution from the 2018 General Convention.

Facebook

The original work by the lead filer on this issue, begun in proxy year 2019, changed to work on gender pay gaps and diversity. CCSR continues to monitor Facebook for human rights implications and other ethical behavior.

TripAdvisor

DFMS, as primary filer, filed a resolution in December 2018 requesting TripAdvisor assess and report to shareholders on the company's policies and procedures to address the human rights-related risks associated with business activities in conflict-affected areas, including occupied territories. Shareholders met with the company to discuss policies in conflict zones. Company was closely watching what was going on with AirBnB for the impact of its decisions, but was open to working with investors on developing a policy for conflict zones. After discussion among the shareholders, it was decided to withdraw the resolution as the company had agreed to look at additional actions it can take concerning conflict zones and would continue to meet with shareholders. Met with company in August 2019 concerning movement on business activities in conflict areas. It had decided to do a materiality risk assessment to better understand the social issues important to them using FLAG, a British company. It also moved the fraud team from the hotel unit to the legal unit to address not only trust and safety, but global issues. Company agreed that investors could address both groups. FLAG has contacted investors for input into the materiality assessment and comments were made on definitions, saliency of some of the issues they were looking into. CCSR pushed for them to define how they were going to suggest TripAdvisor address material risks to the business and on how they were moving forward, which seems to be desktop research and local stakeholders. No plans that people impacted in conflict zones will be interviewed. Company did not respond to a request for another call. Subsequently, two meetings were held with TA in 2020, and the company's progress was anemic. As this report is written, a DFMS shareholder resolution will be filed with the company calling for a broad global human rights policy. CCSR will pay special attention to Myanmar, the OPT (advertising in Israeli settlements) and Sudan.

Booz Allen Hamilton (BAH)

Booz Allen Hamilton was a new engagement for proxy year 2020. An initial inquiry letter was sent expressing concern over the company's potential involvement in human rights violations carried out domestically by the Kingdom of Saudi Arabia's security services and in Yemen by the Kingdom's military and requested a dialogue with BAH. The letter covered the topics of reports that BAH, as part of its contract with the government of Saudi Arabia, had assisted in training Saudi sailors who participated in the blockade of Yemen, which faced mass starvation and cholera outbreaks. In addition, it noted that although the murder of Washington Post journalist Jamal Khashoggi "prompted investors from around the globe to distance themselves from the Saudi government, BAH and its competitors McKinsey & Company and Boston Consulting Group have stayed close after playing critical roles in Prince Mohammed [bin Salman]'s drive to consolidate power." Company responded with a letter saying it is aligned with U.S. foreign policy and actions are consistent with its code of business conduct, but expressed no willingness to meet. BAH is a candidate for TEC's human rights and military contracting No Buy Lists.

HeidelbergCement AG

HeidelbergCement AG was also a new engagement for proxy year 2020. Heidelberg is one of the world's largest building materials companies. The objective of the engagement was for the company to conduct advanced due diligence and report to shareholders on heightened risks related to business activities in conflict-affected areas. Heidelberg was active in several such areas including, but not limited to, Democratic Republic of Congo, Myanmar, Occupied Palestinian Territory, Ukraine, and Western Sahara. The company's activities have come under increased scrutiny from a variety of investors, multilateral institutions, and national and international human rights organizations. DFMS was invited to join the engagement by Wespath, involving correspondence and meetings with Heidelberg. Lead firm had staff changes that prevented further addressing this issue in proxy year 2020. A new letter of engagement is being prepared as well as a call with Indonesians who have been impacted by Heidelberg.

Advocacy Letters to Banks on Aramco

Letters were sent to **Citigroup, Goldman Sachs, JPMorgan Chase,** and **Morgan Stanley** in 2020 regarding the banks planned participation in the underwriting of the initial public offering (IPO) of shares of Saudi Arabian Oil Company (Aramco). Concerns focused on the abysmal human rights record of the government of the Kingdom of Saudi Arabia and requested the banks to provide a copy of their human rights/social responsibility policy and an explanation of how engagement in the IPO is consistent with that policy with respect to press freedom, religious freedom, gender equity, and compliance with the laws of warfare. Aramco qualifies for TEC's Fossil Fuels No Buy List, and at the recommendation of CCSR, Executive Council has added it to the Human Rights No Buy list.

Health and Health Care

Objective – Gun Safety	*TEC Policy*
As a public health issue, engage gun manufacturers to adopt more smart technologies for weapons and retailers to restrict which weapons they sell and under what conditions; engage both to adopt the Sandy Hook Principles, which protect the rights of gun ownership and the rights of citizens to be safe and secure; and to report on their lobbying activities and expenses for gun rights.	2018 B007 Ethical investing in gun manufacturers. o Resolved, the House of Bishops concurring, that the 79th General Convention direct the Executive Council Committee on Corporate Social Responsibility to develop and implement a shareholder engagement plan by which dioceses, church organizations, and individual Episcopalians investing in the publicly traded stock of gun manufacturers and retailers could act to effect change in these companies through the practices of shareholder advocacy to do everything in their power to minimize lethal and criminal uses of their products, and be it further o Resolved, that the 79th General Convention commend to the church the Mosbacher-Bennett Principles for Investors in the Gun Industry developed by Do Not Stand Idly By. o 2015 C005 – Implement Laws to Decrease Gun Violence o 2000 B007 - Request removal of handguns and assault weapons o 1997 D033 - Urge Legislation on the Safe Manufacture of Domestic Hand Guns o 1976 C052 - Urge Congress to Adopt Effective Hand Gun Control Legislation

American Outdoor Brands Corporation/ Smith and Wesson

At American Outdoor Brands' September 2018 annual general meeting, ICCR partners' resolution requesting a report on the company activities related to gun safety measures received a majority vote of 52.16%. In early February 2019, the company published the requested report, which shareholders found to be lacking. Partners filed a resolution for the 2019 proxy year asking the board of directors to adopt a proxy access bylaw, but the board approved certain amendments to the company's bylaws to implement proxy access for the election of directors, so the resolution was withdrawn. Late in 2019 American Outdoor Brands spun off the gun manufacturing business to become Smith & Wesson Brands, Inc. For the 2020 proxy year, a resolution was filed requesting the board of directors adopt a comprehensive policy articulating its commitment to respect human rights, which includes a description of proposed due diligence processes to identify, assess, prevent and mitigate actual and potential adverse human rights impacts. The company filed a no action letter with the SEC, which was denied, so the proposal was going to appear on the 2020 proxy and voted on at the October 2020 annual general meeting. In early October, however, the company developed a Corporate Stewardship Policy which investors believed was a good faith response by the company to engage with shareholders and their concerns. The resolution was then withdrawn before the AGM.

Dick's Sporting Goods

Company announced plans in 2018 to remove all guns from 125 of its stores. Investors sent a letter thanking the CEO for this decision. Dick's CEO, along with 144 other CEOs, signed a letter in September 2019 to the U.S. Senate pressing for the adoption of commonsense gun legislation, including requiring background checks on all gun sales and implementing a strong Red Flag law to prevent individuals who may pose significant harm to themselves or others from owning firearms. Another letter of appreciation was sent to Dick's regarding the company's continued leadership on the issue of gun safety, including removing and safely destroying $5 million of the company's gun inventory, raising the minimum firearm purchase age to 21, and strategically reviewing the long-term sustainability of the firearms business for the company. In March 2020, Dick's announced it planned to pull guns from an additional 440 stores. Investors again sent a note to the company thanking it for its ongoing leadership and requested a dialogue to discuss the company's actions in more detail. In June 2020, an email was sent to Dick's regarding the recent opening of some warehouse, or 'pop-up' stores asking whether the company planned to sell firearms or ammunition at these locations. Also asked for an update on the implementation of its March announcement to phase out the sale of firearms at the additional 440 stores. Although a meeting on this issue has not yet occurred, the company was sent a letter thanking them for removing merchandise of the Washington Football Team and the offensive mascot from their stores.

Olin Corporation

An introductory letter was sent to company in the 2019 proxy year asking for a dialogue around addressing gun violence, making gun products safer and learning about what types of political activities the company engages in. No response was received. Following up on the introductory letter, for the 2020 proxy year DFMS acted as lead filer submitting a resolution in November 2019 asking the company to produce a report on its efforts to address safety concerns in the firearms industry and how it mitigated those risks. The company shared information about its ammunition business with investors as well its efforts to address the issue of gun violence. The company released its first corporate social responsibility (CSR) report that addressed sustainability issues and also included a separate CSR report for the Winchester ammunition portion of the company. The resolution was withdrawn based on agreement that the company would review and consider investors' written feedback and recommendations on how the company's reporting can be improved going forward.

Sturm Ruger

ICCR partners filed a resolution in the 2019 proxy year with Sturm Ruger, regarding adopting a comprehensive policy articulating the company's respect for and commitment to human rights. The company, unbeknownst to shareholders, had changed its bylaws during the summer and moved its reporting year, thus its deadline for filing resolutions moved from February to November. As a result, all resolutions submitted by ICCR partners to Sturm Ruger did not meet the deadline for filing and were withdrawn on this technicality. In early February 2019, the company also released its report requested from the previous year's majority-approved resolution. Shareholders did not feel the report was comprehensive and some ICCR members filed an exempt solicitation against the election of some of the nominated board of directors. ISS recommended voting in favor of the exempt solicitation and of the directors identified. Three received 28% of the vote against their election. Two ICCR members also attended the AGM and spoke with board members and senior leadership after the meeting. They noted the CEO indicated the company may make revisions to its policy for engaging shareholders, but there was a concern the revisions may favor larger investors. An ICCR partner sent a letter in October 2019 to Sturm Ruger requesting a dialogue and an update on the company's review of its shareholder engagement policy. The letter noted the gun safety report the company issued and the ongoing concerns investors had, as well as the company's review of its policy regarding direct shareholder engagement. ICCR partners followed up by filing a resolution requesting Sturm Ruger publish a report with the results of a Human Rights Impact Assessment examining the actual and potential human rights impacts of Sturm Ruger firearms sold to civilians. Sturm Ruger filed a challenge to exclude the shareholder proposal with the SEC. The resolution was withdrawn to avoid a negative decision and an omission ruling from the SEC. Investors participated in the virtual AGM asking questions on gun safety.

Objective –Rights of Indigenous Cultures and Communities	*TEC Policy*
Engage financial institutions to ensure policies address socioeconomic and environmental concerns, particularly climate and fresh water resources, as well as pipeline financing in their lending practices. In addition, engage asset managers on their proxy voting practices.	Human Rights Resolutions: o 1994-D015 Reaffirm Support for Human Rights: "civil rights and political freedom are the universal bedrock of any meaningful scheme of human rights" o 2012-A012 Urge Governments to Follow Principles in Adopting Trade Polices: "That trade should respect and enrich rather than undermine local economies, cultures and peoples". o 2012-A131 Express Solidarity with Indigenous Peoples: "make protection of the rights of Indigenous Peoples a high priority in its advocacy about United States foreign policy, including advocacy about trade agreements, human rights advocacy, and international environmental protection" o 2018-B026 Embracing the United Nations Sustainable Development Goals Environmental Protection of local communities, including Indigenous peoples resolutions: o 2012-B023 Seek Environmental Justice o 2015-C013 Oppose Environmental Racism o The Executive Council resolutions on the Dakota Access pipeline relate to support for the protest o EXC102016.29 Support for Peaceful Protest at Standing Rock Sioux Reservation

Wells Fargo

In the 2019 proxy year, work with this company focused on development of a business standards policy. This mainly addressed the problems encountered in the mortgage section of the company. The meeting held in December 2019 reviewed the business standards document which was started in 2017. Group was given an hour to read and respond with feedback, including: the concept of making it right for customers and that remediation is still not strong enough, metrics of change needed, and what will be success is still not defined. Investors issued a press release after the publication of Wells Fargo's Business Standard Report, noting the progress the company has made since the 2017 shareholder proposal. Investors also highlighted continued gaps including: the need for disclosure of metrics it developed to track progress in remediating harm; more information on how it will integrate employee conduct risk metrics into executive compensation/incentive plans; and need for justice regarding the company's mishandling of homeowner loan modifications, car insurance, etc. Follow-up call sought acknowledgement of harm the company caused with its practices, an analysis

of what led to lapses in problematic practices and disclosure of progress, especially metrics, in evaluating changes being made.
During dialogues, lending on issues of prisons, pipelines and gun manufacturers were discussed. Wells issued a $40 million line of credit to gun manufacturer Sturm Ruger in October and as a result, ICCR partners issued a statement saying this was "shocking news due to ongoing dialogue efforts." In a late-spring call, it was reported that the environmental and social risk policy has been implemented and these relationships have been reviewed. It was reported that Wells is no longer funding private prisons. Investors asked company to be more proactive in talking about human rights assessments on its website and reports. ICCR team sent a follow-up letter to Wells Fargo after the company released its progress report on the Business Standards Review thanking it for its progress and outlining additional recommendations for strengthening the review process and the company's disclosure. Wells Fargo published a progress report on the implementation and status of internal changes underway, mentioning the input of ICCR.

Care of Creation

Objective – Water and Healthy Communities	*TEC Policy*
Engage companies on science-based water stewardship targets and the human right to water, in their operations and their supply chains.	Water and healthy communities resolutions: o 2015-C053 Support Subsistence Rights of Indigenous Cultures o 2018-B026 Embracing the United Nations Sustainable Development Goals

Bayer

A December 2019 call with Bayer discussed its 2030 commitments on sustainability, transparency, and engagement. To reduce the company's environmental impact 30% by 2030, Bayer is working to scale down volume use of crop protection products through precise application methods, development of more effective agrochemical products, and promotion of integrated weed management. In addition, it has been training employees on water monitoring and farmers on water efficiency and conservation. A second call discussed progress on its 2030 sustainability commitments. It has trained 1 million smallholder farmers, focusing on markets where there are weaker regulations or no certification programs, and through contractor CropLife International has trained 4 million farmers in 82 countries on sustainable agriculture and responsible pesticide use. This includes training programs in Vietnam, West Africa, Honduras, India and Ethiopia. Bayer plans to use two external models to help measure the human and ecotoxicological impact of chemicals and was establishing the baseline data. Its sustainability council is totally independent and was developing an action plan for how it will operate, report to the board, and the topics on which it will focus. Bayer's commitment to have water management systems at all sites in water-scarce or high-risk areas is 95% complete, and it expects to reach 100% by the end of 2020. Bayer announced that it reached an agreement in the glyphosate (Roundup) litigation and will settle approximately 75% of those cases with a payout of between $8.8 - $9.6 billion.

Coca-Cola

In proxy year 2020, the company was working to set new targets for water sustainability to replace those expiring in 2020, building on its successful Replenish program, which in 2019 resulted in 160% of water withdrawn for its products and operations being replenished. The new goals will address more localized water risks and opportunities and focus on higher risk water basins.

Corteva Agriscience

During proxy year 2020, the company reported on use of its Enlist products under the agreement with ICCR, noting that despite expanded use of the product, reports of misuse and drift of product were low. It issued its 2030 sustainability goals and the goals include commitments to provide training to 25 million farmers on soil health and water stewardship; increase the productivity and income of 500 million smallholder farmers; enable crop yields while reducing greenhouse gas emissions by 20%; improve soil health on 30 million hectares and advance water stewardship; enhance biodiversity on more than 10 million hectares; protect health and safety of employees and farmworkers; empower women and engage local communities; require sustainability criteria for all new products; establish a climate strategy for scope 1-3 emissions; and use sustainable packaging.

Anadarko Petroleum/Occidental Petroleum

Anadarko Petroleum was acquired by Occidental Petroleum in 2019. During the year the company continued to make progress toward meeting investor requests, including enhancing its disclosures. Investors reviewed where the new company falls on the issue of fracking and its ranking in Disclosing the Facts in relation to its peers and plans to determine next steps.

Chevron

Company responded to a letter in proxy year 2019 concerning the human right to water and water disclosure, indicating it had some procedures for water management and Sustainable Development Goal #6, but it didn't address the core components of an action plan on the human right to water. A follow-up call with the company included discussion on how it manages water risk in its operations, how the company could improve its water disclosures, and investors urged the company to use a human rights lens to look at its impacts on water. Along with ICCR partners, DFMS filed a resolution in December 2019 requesting Chevron’s Board of Directors report on the company’s due diligence process to identify and address risks related to the human right to water throughout its operations. Chevron did not challenge the resolution and the vote was 32.2% in favor

PepsiCo

Investors had a call with PepsiCo in proxy year 2019 and addressed the following issues: 1) recent developments/litigation around glyphosate (Roundup) haven't created a 'tipping point' for company to set reduction targets for glyphosate use, but company will update its pesticide statement; 2) Pepsi was limited in tracking pesticide use/reduction because supplier farmers self-assess and if the farmer was audited by a third party, the company doesn't see much of the data; 3) company felt Field-to-Market was a helpful tool and was open to investors helping develop farmer survey tool; 4) it was implementing a Sustainable Farming Initiative (SFI) with direct crop farmers; 5) investors pushed Pepsi for disclosure of more data/quantitative measures to demonstrate products are 'sustainably sourced.'

ICCR partners filed a resolution requesting a report on reducing the company's environmental impact by describing actions taken and lessons learned to date in quest of the 50% beverage container recycling goal, and report on progress in developing revised plans for meeting its commitment to leadership actions to help increase U.S. container recycling rates. The company was participating in multiple activities on this topic and agreed to continued engagement with shareholders, so the resolution was withdrawn.

Investors had a follow-up call regarding plastic pollution in December 2018. PepsiCo had launched its "Sustainability from the Start" program where sustainability goals and key performance indicators were embedded into product development and design. Company set a goal that all packaging would be recyclable/compostable/biodegradable by 2025. It looked to switch to compostable/biodegradable materials for emerging markets because of faster break down if littered/ disposed of improperly, and it was working to redesign chip bags/food packaging to be recyclable. Company planned to continue to use light-weighting and other optimization techniques, but was not prepared to set an overall plastic reduction goal.

An in-person meeting between PepsiCo and ICCR investor members in November 2019 concerning the company's environmental sustainability programs, specifically pesticide use. Sustainability metrics had been tied to executive compensation and a governance committee provides oversight and reports to the board. On pesticides, company used Demo Farms to share different farming practices, including responsible use of pesticides. Promoted use of pollinator buffer zones with its growers/suppliers but didn't measure pollinator health or target certain types of pesticides for reduction. Pepsi agreed systemic pesticide use was incompatible with integrated pest management, but it wasn't sure what implementation would look like if it adopted a pesticide reduction policy. The company agreed to look at its pesticide statement again and indicated there may be policy changes in 2020. Also addressed some human rights and labor issues, including the use of migrant labor in U.S. and impact of the immigration crisis. In June 2020, the company released its 2019 Sustainability Report that included updates on its efforts to reduce plastic pollution and redesign packaging to be more circular. In the report, PepsiCo noted that it has reached 88% completion of its goal to make all packaging recyclable, compostable, or biodegradable by 2025. The company pledged $65 million between 2018-2020 to help advance global recycling and collection efforts, and set a new goal in 2019 to achieve a 35% reduction rate of virgin plastic across its beverage portfolio by 2025. The company still has progress to make on a number of its commitments, including increasing the recycled content of its plastic packaging to 25% by 2025, which was currently at 4% recycled content. Letter was sent by investors in June 2020 to urge the company terminate its business and public relationships with the National Football League's (NFL) Washington D.C. franchise if it does not stop using the name "Redskins."

Objective – Climate Change and a Healthy Environment	*TEC Policy*
Engage companies to adopt science-based targets for reducing greenhouse gas emissions, adopt technologies to monitor and reduce methane emissions, adopt new and cleaner energy technologies, promote efficiency, promote transparency in reporting, and protect consumers, particularly low-income consumers. Engage companies, particularly in the energy and utility sector, to improve public disclosure and transparency in reporting presented by current and future company operations and products including company plans to manage carbon asset risk and comply with a regulatory scenario that holds global temperature rise below a 1.5/2-degree Celsius threshold.	Climate Change and a Healthy Environment Resolutions o 2015-A170 Advocate for Safe Food Production and Farm Labor Policie: "support public policies and laws designed to protect our Earth's natural environment and to protect humanity's ability to produce food for generations to come, including restrictions on pesticide overuse, harmful industrial farming practices (e.g., overcrowding of livestock and mono-cropping), and carbon, methane, and nitrogen pollution throughout the food system that threaten animal and human health, damage the soil, and threaten the climate for future generations." o 2009-C011 Directs Advocacy on Renewable Energy and Environmental Stewardship On GMOs, there was a resolution to study GMOs, and then a resolution that was rejected in 2015 so I would urge a great deal of caution around any engagement with GMOs. o 2015-B006 On the Topic of Affirming Genetic Engineering Technologies - Legislative Action Taken: Rejected o The 2009 resolution urges further study, but has no recommendation: 2012-A013 Study the Impact of Genetically Modified Crops and Organisms o 2018-C021 Advocate for sustainability expertise on corporate boards of directors2018-A020 Fossil Fuel divestment and reinvestment in clean renewable energy o 2018-B026 Embracing the United Nations Sustainable Development Goals

Ameren

Ameren issued a report in 2018, Our Responsible Management of Coal Combustion Residuals, in response to the 2017 shareholder resolution. Investors noted the report has gaps and discrepancies. Ameren responded with a brief letter stating the company's coal ash report was rigorously reviewed by senior management, the board, and legal counsel, and felt it directly and sufficiently addressed the asks of the shareholder proposal. Investors attended the annual shareholder meeting where Ameren reported on its sustainability efforts, including its commitment to reduce carbon emissions 80% by 2050 based on 2005 levels and its plan to generate 700 megawatts of wind power by 2020. A call with Ameren’s sustainability staff in July 2019 discussed its ongoing update of the integrated resource plan, which is a roadmap that large utilities use to plan out generational acquisitions over five, 10, or 20 years (or more). Investors raised concerns on the company's slow phaseout of coal compared to peers, with the shortfall in its long-range emissions target, and with the company's plans to invest in natural gas generation over renewables. The company noted that its new integrated resource plan will address some of these concerns. It was also working to align its executive compensation structure with its greenhouse gas targets. Ameren reported in its 2020 proxy statement that its nuclear, operations and environmental sustainability committee of the board of directors oversees and reviews the company’s operations, with responsibilities expanded to include oversight of the company’s risks, policies, and performance related to environmental sustainability matters, including those related to climate change and water resource management.

Chevron

ExxonMobil, Chevron and Occidental announced joining the Oil and Gas Climate Initiative (OGCI) in September 2018. OGCI — founded in 2014 — already lists 10 international oil giants as members, including BP, Royal Dutch Shell and several national oil companies. OGCI aims to speed initiatives at individual companies and to reduce emissions of carbon and methane, a particularly potent greenhouse gas. Several of its existing members and new initiates — including Exxon, BP and, most recently, Shell — have launched efforts to reduce methane emissions from their oil and gas operations. Members of OGCI also contribute to a $1 billion investment fund, launched in 2016, to support low emissions technology. Climate Action 100 lead gave an update on the engagement in December 2018, noting that in addition to joining OGCI, the company signed the Methane Guiding Principles, and made a significant investment in electric vehicle charging network Chargepoint. ICCR partners filed a resolution requesting that Chevron issue a report on how it can reduce its carbon footprint in alignment with greenhouse gas reductions necessary to achieve the Paris Agreement’s goal of maintaining global warming well below 2 degrees Celsius. The vote was 32.3% in favor. An April 2019 meeting with the company discussed its new climate risk report update that included governance and emissions reporting in line with the Task Force for Climate-Related Financial Disclosure (TCFD) guidelines. The company discussed ongoing education of the board on climate issues that includes outside experts and its thoughts on scope 3 emissions targets. Investors asked how climate change risk is factored into the company's acquisition decisions (such as the decision to

acquire Anadarko). It does look at potential impact on emissions, but also at ability to meet goals over time. The company reported on its decision to begin reporting support for trade associations over $50,000 annually and agreed to consider an investor meeting with an independent director.
In December 2019, a resolution was filed by ICCR partners requesting that Chevron issue a report describing if, and how, it plans to reduce its total contribution to climate change and align its operations and investments with the Paris Agreement's goal of maintaining global temperature rise well below 2 degrees Celsius. December, 2019, call with the company indicated that in addition to methane targets and flaring reduction goals the company set an oil intensity target and net intensity target for gas, both targets were on an equity basis (not just for operated assets). New carbon report planned for 2020. No action request filed by Chevron, which the SEC upheld, so the proposal did not appear on the proxy. CCSR is taking the lead on Chevron's expansion into the eastern Mediterranean with its purchase of Noble energy. Chevron remains in the DFMS investment portfolio despite the Church's fossil fuel divestment policy as part of a phased divestment initiative.

Marathon Petroleum

In July 2018, investors discussed concerns with how the company was relating to the community around its Detroit refinery, which is near several residential neighborhoods. The company had four air monitors in communities near the refinery and held monthly meetings of its community advisory panel (CAP). The company noted that some of its neighbors did not like the CAP as a forum to air concerns, so they checked in with them in other ways--individual meetings, etc. The company reduced emissions from the refinery by reducing flaring and other measures, now only 2% of area's overall air quality issues; EPA completed a study with the state environmental quality agency and found air quality near the refinery improved. The company noted that it bought out some homes in one neighborhood that borders the facility, but that was mainly because of expansion plans in that part of its campus (note that some of the neighbors were asking for a buyout in another area). Investors asked if the company has internal standards to evaluate need for buyouts, and it noted that it needs to avoid appearance of liability to purchase all interested parties, but will do so if a project warrants it.
In November 2019, DFMS submitted a resolution requesting that the Marathon board of directors develop a strategy to increase the scale and pace of the company's efforts to reduce its contribution to climate change, including establishing any medium- and long-term goals deemed appropriate by board and management that demonstrate this increased pace, with an eye toward the global commitments of the Paris Agreement. A call with the company discussed the proposal and the company said it has a new board committee that regularly discussed climate and other sustainability issues. A follow-up call a month later with corporate staff talked about the company plans to announce greenhouse gas intensity targets for scope 1 and 2 emissions of 30% reduction in intensity by 2030 (baseline year of 2014) in its proxy statement and annual report. The company planned to look at progress each year to set employee performance goals and have a sustainability metric that includes progress goals in executive compensation and employee bonuses. The company was also looking at ways to address scope 3 (product) emissions by investing in renewable fuels production

and research. Target also included methane emissions in the company's midstream business, which were already down about 20%. Capital budget items have greenhouse gas impacts incorporated into their total and contribute to budget decisions. More detail was to be included in its annual TCFD report, due out in the fall 2020. Resolution withdrawn after company announced that it was setting greenhouse gas intensity targets and agreed to further dialogue on strengthening its efforts to reduce emissions and improve its reporting, including consideration of reporting scope 3 emissions for its products.

Phillips 66

The Climate Action 100 engagement began with the company in proxy year 2019. The company noted that the majority of its emissions are scope 3, which were challenging. It was working with automakers on fuel efficiency, also investing in renewable diesel as well as ethanol. Its main focus was on reducing its own emissions through energy efficiency and reduced flaring. Its midstream operation does not move natural gas, so methane was not a big issue for the company. Company issued a climate risk report compliant with TCFD in mid-November 2018. A meeting held October 2019 focused on Climate Action 100 goals for the company including setting emissions targets. It was improving efficiency of its operations, and it had three renewable fuel projects including two sites in Nevada, joint ventures to produce renewable diesel with new equipment, and a redeployment of assets at refineries in California, which would reduce scope 3 emissions. However, company was in nascent stages of considering emissions targets.

Delta Airlines

An August 2019 call with company discussed goals of the Climate Action 100 initiative. Company was looking at ways to reduce domestic as well as international emissions, although its only goals were those in the international Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) agreement (which do not align with goals of the Paris Agreement). The company offsets its domestic emissions and was looking at how to ensure high-quality offsets once the CORSIA agreement takes effect in 2020 and other airlines begin purchasing offsets. Its main focus has been operational efficiency, with a fuel council that meets monthly to carry out implementation of targets for annual fuel reduction. It was working with Airbus to take delivery of 20 "carbon neutral" aircraft that would meet goals with a combination of biofuels and offsets. The company was partnering to develop a biofuels facility in the Pacific Northwest that will use forestry byproducts as feedstock with the hope it will be online by 2023. It was also looking at setting goals for biofuel use under CORSIA. Its sustainability work is reported directly to the board, which was increasingly discussing these issues. Company announced that it plans to become carbon neutral and will spend $1 billion over the next 10 years on its journey to mitigate all emissions from its global business beginning on March 1, 2020.

Devon Energy

An August 2019 call with VP for Governance and Corporate Secretary and company sustainability team focused on the company's climate risk report and methane targets. Investors encouraged the company to look more at its physical risks, particularly around water, and to consider looking at a 1.5-degree scenario as it updates its report. Investors also encouraged the company to look at scope 3 targets and to incorporate targets into its executive compensation considerations, something it was already planning to do with its methane targets. Other topics included efforts to reduce emissions through technology and leak detection practices and the company's spending on lobbying through trade associations and how those expenditures align with the goals of the Paris Agreement.

NextEra

An introductory letter was sent to the company in November 2018 regarding climate change issues and the company's plans to manage climate risk using the TCFD reporting guidelines. A call, also in November, discussed investor’s request for additional disclosure on the company's efforts to manage climate risk and reduce greenhouse gas emissions. It had been hearing a lot from investors about disclosure and had increased what it reports publicly. The company had a midterm (2021) emissions reduction goal of 65% from a 2001 baseline; the company was at 50% reduction at that point and was on track to meet its goals through adoption of renewables, switch from coal to natural gas, and ongoing nuclear generation. It had adopted the Edison Electric Institute reporting framework for climate risk and sustainability, but had no plans to report to CDP or to adopt the TCFD guidelines. The company noted that it continued to get requests from investors to do so and would look at those guidelines.

Investor call in October 2019 discussed how the company was transitioning to meet its medium-term emissions reduction goal. Acquisition of Gulf Power entailed closing coal plants and transitioning others to natural gas. It viewed natural gas as a bridge fuel but did not have a timeframe for phasing out use. Although it sees "net-zero" pledges that many of its peers have made as good goals, it didn’t believe that it was technologically possible yet; it won't make the pledge until it sees a way to achieve it. Also, it saw its investments in grid modernization as key to wider adoption of renewables. The company was looking at physical climate risks to assets and working to build resilience, close, or relocate vulnerable infrastructure. It had not thought about more sustainable gas supply; with limited pipeline infrastructure in Florida, it means it was limited in sourcing partners. It was also looking at ways to tie greenhouse gas goals and sustainability to executive compensation more robustly.

Corporate Governance and Accountability

Objective – Diversity on Corporate Boards of Directors	*TEC Policy*
Engage companies to address board diversity to include women and people of color.	General Convention: o 2009-D042 Renew Support for Passage of the Equal Rights Amendment o 2018-B026 Embracing the United Nations Sustainable Development Goals – see goals 5 and 10

FirstCash Inc. and World Fuel Services (Resolutions)

DFMS was lead filer in proxy year 2020 on a resolution submitted to each company requesting the board of directors prepare a report on steps the company is taking to enhance board diversity beyond current levels. Call held with FirstCash to discuss the proposal. Company noted it had previously had a female and Hispanic director on its board, but for various reasons had been unable to get new directors with gender, racial or ethnic diversity. Company was committed to having a woman on its board by 2021, agreed to update its corporate governance guidelines to strengthen the language around diversity, and include language in its 2020 proxy about these commitments. Resolution withdrawn based on these commitments and agreement to a follow-up conversation with shareholders about the implementation of these practices. At World Fuel Services, the resolution was also withdrawn based on positive conversations with management and the company's commitment to add language to its corporate governance documents regarding diversity, as well as to continue engagement with investors. Mercy staff attended the company's virtual AGM where the company elected a woman to its board of directors. Additionally, the company also created a sustainability and corporate responsibility committee that will oversee initiatives on sustainability, social responsibility issues, and diversity, among other topics.

REVIEW OF NO BUY LISTS

CCSR reviewed the 5 areas that have been identified by General Convention or Executive Council for non-investment (or divestment in the case where the Church is already invested):
Tobacco
Fossil Fuels
Military Contracting
Private Prisons
Human Rights Screening
In the area of military contracting, a review is underway to see whether the present policy is adequate to fulfill the Church's ethical concern over the appropriateness of investing in companies that produce weaponry for the US military and for arms exports, an increasing concern as arms sales mushroom globally.

In the area of fossil fuels, it is noted that a number of fossil fuel companies remain in the equity portfolio of the Church while also being on the No Buy List. This is part of a transition of divestment called for by the 2015 General Convention. Chevron, now the largest oil company in the U.S., is one of those companies. ARAMCO, a government owned Saudi Arabia company, was added to the list when it became publicly traded.

IMPLEMENTATION OF THE 2018 B016 GENERAL CONVENTION RESOLUTION

2018- B016 directed CCSR to develop a human rights investment screen to deal with the Church's ethical concerns regarding corporate practices in the Occupied Palestinian Territories (OPT). The policy, adopted by Council on CCSR's recommendation, made following considerable work with members of Council, calls for non-investment or divestment in companies that support or benefit from human rights violations anywhere in the world. Accordingly, the policy is being applied globally. As a result of the policy, the Church has divested from Motorola, Caterpillar and the Israel Discount Bank for their operations in the OPT. In October 2020, DXC and Leumi Bank were added to the list for their actions in the OPT. ARAMCO, the Saudi Arabia owned oil giant, was also added to the list for Saudi Arabia's abysmal human rights record. A full copy of CCSR's report to Council on B016 is available on the CCSR documents website.

IMPLEMENTATION OF THE 2018-B007 GENERAL CONVENTION RESOLUTION

The resolution directed CCSR to develop a plan for DFMS to invest in gun manufacturers and retailers aimed at convincing the companies that gun safety measures would improve the company's reputation and financial profitability by contributing to a safer society while protecting gun owners' rights. A full copy of CCSR's report to Council on B007 is available on the CCSR documents website. As a result of its work, the Church purchased stock in Wesson and Smith and Strum Ruger. A third gun manufacturer, Olin, had been purchased earlier by the Church's money managers. B007 was the first time the Church, due to ethical concerns, has directed DFMS to invest in a company to try to improve the company's performance. The general unwritten practice for many years has been that money managers under the direction of the Investment Committee make all investment decisions except as guided by the Church's 5 No Buy Lists. Here General Convention exercised its undoubted authority to direct investments.

IMPLEMENTATION OF THE 2018 C021 GENERAL CONVENTION RESOLUTION

The 79th General Convention of The Episcopal Church called upon the Executive Council Committee on Corporate Social Responsibility (CCSR), in conjunction with The Church Pension Fund (CPF), to identify 10 companies within the two portfolios that significantly impact the environment, and initiate shareholder engagement to advocate for the inclusion of an expert in sustainability on their boards.

CCSR and CPF have worked together on a range of shareholder engagement initiatives including those supporting this resolution. Over the triennium, more than 10 companies have been engaged

on sustainability expertise and good governance. The engagements have focused both on board expertise, but also expertise and support of sustainability initiatives within executive management. The shareholder engagement efforts for both CCSR and CPF are supported by Mercy Investment Services. Mercy provides strategic guidance and staffing support for shareholder engagements, working closely with CCSR members and CPF employees. Some of the engagements have been coordinated as part of Climate Action 100 , an investor initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.
Companies engaged included: American Airlines, Chevron, Corteva, Delta, EOG, Flir, Marathon Petroleum, Pepsi, Phillips 66, Southwest, United Continental.

Companies were responsive to varying degrees. Some have board level committees that are responsible for driving sustainability considerations through the company. Others have executive working groups that perform this work and inform the board. There are companies with individuals leading corporate sustainability and environmental, social, and governance issues. Companies have also taken advantage of external sustainability experts, using them to inform the company of material issues to address. As it relates to expertise, individuals involved in corporate management of sustainability may have different backgrounds ranging from direct sustainability and scientific education and experience, to business experience with a sustainability focus. For those companies on the Climate Action 100 focus list, the results of investor engagements will be bench marked in early 2021. The "Climate Action 100 Net-Zero Company Benchmark" will provide comprehensive analysis on which companies are leading the transition to net-zero emissions, alongside a range of other indicators on climate governance and performance.

In conversations with these companies, CCSR and CPF were able to reinforce the importance of sustainability as a strategic lens through which to drive long-term shareholder returns, requiring the needed expertise. Both CCSR and CPF also emphasized that while we believed sustainability to be an investment issue, as a faith based community these issues matter given our responsibility to care for creation.

NEW INITIATIVES FOR 2020-2021 SHAREHOLDER SEASON

As this report is written, CCSR is engaged with companies for the 2020-21 shareholder season. New work includes engagement with pharmaceutical companies over their opioid drug policies in light of the 2018 General Convention resolution on this subject. New companies added to work for the current season are: Walgreens and Johnson and Johnson (opioid crisis), Valero (methane emissions), FLIR, Chewy and General dynamics (adding a sustainability expert to its board of directors)and Skechers (adding diversity on its board of directors). The work was approved by Executive Council as follows:

- Request United Airlines to report on their efforts to curtail labor trafficking in its supply chain and sex trafficking;
- File shareholder resolutions with one or both Trip Advisor and Chevron, requesting a report on the company's impact in areas of conflict where violations of international law and human

rights have been identified, with attention to Chevron on its oil exploration in the Eastern Mediterranean off the coast of Israel and the Gaza Strip and elsewhere;

- File resolutions with Walgreens and Johnson and Johnson (requesting information on opioid drugs that can lead to addiction[PZ2] ;
- File a shareholder resolution with Sturm Ruger requesting adoption or compliance with human rights principles in their business planning and operations and report on their efforts to minimize criminal uses of their products;
- File shareholder resolutions with one or both of Phillips 66 and Valero asking the companies to adopt science-based targets for reducing methane emissions;
- File shareholder resolutions with one or more of the following companies: FLIR, Chewy and General Dynamics, asking the companies to appoint a sustainability expert to their boards of directors;
- File a shareholder resolution with Skechers asking the company to add a person of color and/or a woman to its board of directors.

A new likely target for 2020-21 and beyond is Cisco, which operates in many conflict areas, including occupied territories, where human rights are violated, particularly in Myanmar, China (Uighur suppression) and the Occupied Palestinian Territories.

CCSR, aware of the Presiding Bishop's emphasis on racial injustice in America, joined other ethical investors in asking for an end to sponsorship of the Washington football team by Pepsico, part of a movement that ended the racist name of the team. And CCSR continued its decades long advocacy for corporate America to include people of color and women on its board of directors. Finally, CCSR noted General Convention's concern for immigration reform and is reviewing advocacy options, through ICCR, such as asking hotels not to house undocumented minors who are secretly held until they can be returned to their country of origin, without due process for asylum. These minors face death threats in their home countries from gangs. ICCR sent a letter to Marriott in June 2019 seeking a commitment to not house ICE detainees. As noted on page 2, at the urging of shareholders, Marriott publicly stated it would refrain from using its hotels for hosting families taken by ICE officials in immigration raids.

CCSR has had a long time goal of assisting dioceses and endowed congregations to become informed and involved in the work of corporate responsibility and hopes to have the resources to further that goal in the future. CCSR's vigorous engagement with corporations 50 years after its founding while monitoring No Buy lists on issues of concern to the Episcopal Church will remain an important part of TEC's overall advocacy to build a more just world as envisioned in the heart of the Gospel of Jesus Christ.

Continuance recommendation

The Committee recommends continuance. 2021 marked the committee's 50th anniversary. In 1971, Presiding Bishop John Hines defended the first ever shareholder resolution filed by a faith based organization at General Motors annual meeting calling on the company to leave South Africa until the racist system of apartheid was ended. The work of CCSR was begun. As long as the Church continues to invest in securities the work of CCSR will be needed to assure the Church's values are not undermined through hypocrisy arising from a financial return in investments in companies that violate the Church's commitment to justice and the care of creation. A recent rise in global arms sales is a good example of why a committee for corporate responsibility is needed. Corporations make these armaments. The continuing problem of climate change is another. Corporations are a primary cause of this crisis that looms larger with each passing day, with each new record hurricane, with each new record fire season, with each new season of flooding. The work of CCSR is exponentially important.

From that early beginning in 1971, CCSR's work, and that of its ecumenical partner which CCSR helped found, the Interfaith Center on Corporate Responsibility (ICCR), has engaged in shareholder advocacy aimed at environmental, social (justice) and governance (ESG) accountability by corporations. The focus on these three areas of ESG has increasingly proven to affect not only the ethical concerns of faith based investors, but also has impacted a positive financial return. Good ethical corporate policy is good for a business's bottom line.

Over the 50 years of its work, CCSR, which began under the name the Social Responsibility in Investments Committee until a name change in 2008, has gradually widened its corporate advocacy in keeping with the Church's widening justice oriented policies developed by General Convention and Executive Council. The areas of focus include human rights, sex and labor trafficking, health concerns (including gun safety), diversity in corporate America and care of creation. Over the years, corporate engagement by the Church has been expanded to include corporate divestment on selected issues such as private prisons and fossil fuels. And, in one selected instance, the Church has invested in certain gun manufacturers to promote gun safety, which have both ethical and financial considerations.

CCSR works closely with the Office of Government Relations. There is a deepening understanding that advocacy with both government and corporations complement each other. For example, CCSR and OGR both work for gun safety in the United States. Change is sought both through Congress and among the major gun manufacturers and retailers. Good corporate citizenship might sometimes be more attainable than a Congress prone to inertia. And conversely, Congress (and the White House) might better affect more just outcomes than recalcitrant corporations. There are examples of both. Working in tandem, CCSR and OGR play significant roles in implementing Church social justice and environmental policies. Results are tangible and measurable.

CCSR Support

CCSR primarily implements Church policy rather than recommending new policy. Committees charged with implementation rely on staff or consulting support to accomplish the work. In-face committee meetings, whenever they resume post pandemic, are covered by a block grant used by all interim bodies. However, staff and consulting costs for research and preparing recommendations require other sources of money. CCSR has some members and volunteer consultants who donate significant time and labor on behalf of the committee, but there is need for further expertise and staff/consultant support. CCSR notes a cautionary tale which is sadly a part of its 50 year history. It is noted here in order that it be in the historical record, and, hopefully to avoid similar events in the future. In 2009, the General Convention committee on Program, Budget and Finance defunded entirely the committee's budget. From that time until 2016, the work of the committee was severely crippled, receiving minimal but appreciated assistance from the Finance office.

In 2016, the President of the House of Deputies noted the decline in CCSR's work and appointed seasoned members to help resuscitate it. The Presiding Bishop also responded to the concern about a lack of adequate monetary support for the work of the committee and with the assistance of the Treasurer, consulting help from Mercy Investments Services, Inc., a ministry of the Sisters of Mercy of the Americas, a Roman Catholic congregation of women, was engaged. The 2018 General Convention legislative committee 18 (Stewardship and Socially Responsible Investing) noting the importance of CCSR's work, proposed resolution A296, which was adopted. A296 directed "the Executive Council to maintain an independent membership in the Interfaith Center on Corporate Responsibility;" which had lapsed after 2009, and directed "the Executive Council to treat expenses associated with this membership, as well as on-going socially responsible investment consulting fees, as investment management expenses, rather than program expenses." ICCR, where the work of corporate engagement is coordinated among all our ecumenical partners, celebrated the return of TEC's membership.

Having Mercy Investments has been a tremendous boon to the work of the committee. Because Mercy is itself active in shareholder work, it is able to represent not only itself but CCSR in its many corporate engagements. Members of CCSR participate in some of these engagements but not all. Thus, Mercy's involvement is an essential component of CCSR's work and provides regular reporting and offers opportunities for CCSR's engagements on a number of fronts. Mercy's contract for 2022-24 is estimated at $130,000.

In the 2019-21 triennium, CCSR was given an additional $10,000 by the Executive Council to provide expertise on its human rights work in the wake of General Convention's call for a human rights investment screen. This provided expertise beyond what Mercy is able to offer since Mercy cannot provide investment advice. Such expertise for the next triennium in the areas of human rights and climate change would be enormously significant in enabling CCSR to address these two global issues. An amount of $40,000 per annum beyond Mercy's work would allow for a robust body of work on behalf of the whole Church. A further modest amount of $5,000 per annum would allow for some educational efforts with dioceses and endowed congregations and institutions. As Executive Council and Program, Budget and Finance work towards the 2022-24 triennial budget, CCSR hopes that ways can be found to strengthen the impact of CCSR's leadership in the field of corporate responsibility by strengthening staff and consulting support, utilizing A296 from the 2018 General Convention.

CCSR Mandate:

CCSR proposes changes to its mandate for 2022-24 in order to more accurately reflect its scope and work:

Resolved, That the Executive Council, meeting in XXX, on XXX, 2021, continue the Executive Council Committee on Corporate Social Responsibility to be responsible for monitoring the DFMS investment portfolio and advocating for the Episcopal Church's values as expressed in policies of the General Convention and Executive Council on environmental, social and governance issues. Areas of special concern are as follows, but not limited to: Human Rights (including sex and labor trafficking), Health and Safety (including gun safety), Care of Creation (including Climate Change), and Governance and Corporate Accountability, (including corporate Board Diversity). The committee shall recommend appropriate courses of action to the Council for corporate engagement including shareholder resolutions (to be submitted by the Treasurer or another corporate officer of the DFMS), dialogues, letter writing and participation in sign on letters. Sign on letters are vetted by the Office of Government Relations for adherence to Church policy and can be signed by the Presiding Bishop, the President of the House of Deputies, the Treasurer, the Director of Government Relations, a designated CCSR member or consultant, as may be most appropriate. The committee shall also oversee the DFMS No Buy lists and recommend divestment as guided by No Buy policies, and may recommend revisions to such policies to comply with Church ethical policy. CCSR will also regularly review the DFMS proxy voting guidelines to apply to other shareholder resolutions being offered by faith based partners or advocacy groups and recommend whether the Episcopal Church should support them. The committee shall maintain an Advocacy Account (stock holdings) of companies with which it is engaging in a separate investment portfolio in furtherance of its work, maintaining roughly the minimum shares and dollar value required by the Securities and Exchange Commission regulations. This prevents the stock being sold in the midst of shareholder engagement. Committee reports and recommendations will be forwarded to the Executive Council through the Council's Finance Committee and appropriate standing committee(s) on program (domestic and international). Finance will process CCSR resolutions in consultation with program committees. As new issues come up during the triennium, CCSR will forward its recommendations to the next meeting of Executive Council. Once Council approves of an issue and company in which dialogue, letter writing or filing a shareholder resolution is taken, CCSR may pursue that issue and company for the duration of the triennium without further Council action. Minutes and other pertinent documents shall be posted to the CCSR public website of the General Convention.

The committee shall monitor and advise Council on regulatory changes at the SEC. And, as resources are available, CCSR will advise the wider Church on ways and means to be involved in socially and environmentally responsible investing for dioceses, congregations and institutions that have financial investments. CCSR may engage volunteer consultants with expertise in corporate responsibility work. And paid consultants may be used through management expenses or budgeted allocations.

Membership will consist of nine members, including at least one bishop, one priest or deacon and one lay person. At least one shall be a member of the Council's Finance committee, and at least one member of its social/environmental concerns committee(s), one of whom shall serve as liaison between CCSR and the Council. CCSR will help facilitate a report by the Council's Economic Justice Loan Committee at least once in the triennium. Liaisons between CCSR and the Investment

Committee may also be appointed with or without voting privileges. Staff in the Finance Department will assist the committee at the direction of the Treasurer, and the Office of Government Relations will assist the committee at the direction of the Director of Government Relations. CCSR shall report to General Convention through the Blue Book fulfilling its canonical duties. Members will be nominated by the Presiding Officers of the Executive Council jointly and elected by Executive Council.