

Special Edition

# Impact and Justice

CATHOLIC RESPONSIBLE INVESTMENTS<sup>SM</sup> PROGRESS REPORT

JANUARY 2020

## Pope Urges Investors to Join Fight Against Child Exploitation Online

Vatican Summit Identifies Priority Actions to Protect Kids on the Web; CBIS Engages Tech Industry

Investors and asset managers must hold tech and telecom companies accountable for eliminating child sex abuse activity from their platforms and products, Pope Francis proclaimed in a November address. The Holy Father issued the call to action during an audience with CBIS and other global leaders in the fight against child sexual exploitation online. His powerful appeal launched the Vatican-hosted summit “Promoting Digital Child Dignity: From Concept to Action,” which included delegates from our Catholic Responsible Investments<sup>SM</sup> team.

The Pope’s plea to investors validated our trailblazing work with companies worldwide to press for much-needed safeguards for children on the web. His address and the landmark conference inspired CBIS to find new ways to collaborate with organizations and individuals who share our concerns on this issue of growing urgency.

This edition of *Impact and Justice* details how we proudly represented our fund investors in Vatican City, including:

- Key takeaways from the summit
- Updates on engagements with companies that attended
- Information on joining our stewardship efforts



JOIN CBIS IN ANSWERING THE POPE’S CALL TO ACTION – SEE PAGE 5 FOR DETAILS



Two members of our Catholic Responsible Investments<sup>SM</sup> team—Managing Director Julie Tanner (right) and Director Tracey Rember—had the privilege to meet Pope Francis after his audience.

### □ POPE FRANCIS □

*“There is a need to ensure that investors and managers remain accountable, so that the good of minors and society is not sacrificed to profit.”*

Please see last page for important disclosures.

*“We have seen how society has grown more sensitive to the areas of environmental care and respect for the dignity of labor. A similar concern for the effective protection of minors and the fight against pornography should become increasingly felt in the finance and the economy of the digital world.”*

□ POPE FRANCIS □

NOVEMBER 14-15, 2019 – VATICAN CITY

## Promoting Digital Child Dignity: From Concept to Action



### HOSTS:

- Pontifical Academy of Sciences
- Child Dignity Alliance (CBIS serves on the board)
- Interfaith Alliance for Safer Communities

### PARTICIPANTS:

- Pope Francis, who launched the event with a Papal Audience
- Catholic and interfaith leaders from around the world
- U.N. agencies and other child protection advocates
- Government and law enforcement officials
- Global tech giants including Amazon, Apple, Facebook and Google (all CBIS focus companies for 2019-2020) as well as Microsoft

CBIS represented the investor community as the only asset manager invited to participate.

[Watch summit sessions >](#)



### ACCELERATING PROGRESS AS EXPLOITATION RISES

Reports of child sexual exploitation online have increased rapidly since CBIS first met with Pope Francis on the issue in 2017, at the Vatican’s “World Congress on Child Dignity in the Digital World.” Methods for offenders to share abusive content while evading detection have also multiplied in that time.

Meanwhile, several major tech companies have announced plans to strengthen encryption practices, which would handicap law enforcement in identifying exploitation victims and their abusers.

The 2017 summit culminated in the Declaration of Rome, a multi-page action plan to safeguard our youngest internet users and stop the spread of child sex abuse imagery online. A growing sense of urgency compelled stakeholders to reconvene in November to prioritize action items from that plan and energize faith leaders to accelerate their progress.

*“Companies are bound not only to respect the law, but also to be concerned with the direction taken by the technological and social developments which they produce and promote, since such developments are far ahead of the laws that would seek to regulate them.”*

□ POPE FRANCIS □

## Summit Highlights

**Audience with Pope Francis** – CBIS team members were honored to attend the address and meet the Holy Father afterward.

**Sharing Knowledge & Strategy** – Participants discussed ways for companies to take greater responsibility for child sex exploitation on their platforms, and how faith traditions can play a larger role in preventing online abuse.

**Voicing Our Concerns** – CBIS sounded the alarm on several pressing issues, including the danger that increasing encryption could create another “dark web,” which has become a hive of criminal activity.

**CBIS Global & CUIT Attend Embassy Event** – Alessandro Lombardi, President of CBIS Global, joined the CBIS delegation at a dinner and panel discussion hosted by the Italian Ambassador to the Holy See.

**Urging Corporate Leadership** – CBIS strategized with global tech leaders on the sidelines of the summit, including focus companies Apple and Facebook.



*“What is to say this massive move to encryption isn’t just a dark web 2.0? I would like to see a reassurance from government and technology companies that we’re not going to repeat that same experience, because it seems very similar to me.”*

— CRI Director Tracey Rembert addressing Vatican summit

**ONE THIRD**

of internet users globally are children (under age 18)<sup>1</sup>

Minors solicited sexually online<sup>2</sup>: **ONE in FIVE**

**10,000% increase**

in reports of child sexual imagery online in past 15 years<sup>3</sup>

### Key Takeaways

**Many Fear a Mushrooming Problem** – The trend toward greater encryption raises concerns that an already surging problem could quickly escalate into an epidemic.

**Companies Must Do More** – Many participants noted tech companies don’t do enough to thwart child sex abuse online and:

- Seem to feel little pressure to intensify their efforts
- Lack the moral leadership—not the technology—to protect children better
- Tend to react to scandals instead of addressing risks in advance

**Regulatory Solutions Are Required** – Participants agreed new legislation with serious penalties would spur action and level the playing field for companies worldwide.

**Faith Community Needs to Step Up** – Interfaith leaders made a strong push for religious institutions to take a more active role in educating children and caregivers about keeping kids safe online.

**Focusing on Faster Progress** – The summit culminated in a six-point action plan, focusing on areas where participants believe they can deliver the most immediate impact. The plan includes several strategies CBIS is actively pursuing:

- Raising awareness and prioritizing prevention
- Researching the scope and severity of the problem
- Fostering greater collaboration with tech companies
- Mobilizing world religions to launch a global movement
- Sharing effective child rescue and treatment practices
- Promoting new legislation

## What Is the Dark Web?

### ACCESSIBLE TO ALL VIA SPECIALIZED ROUTERS

The dark web consists of various systems for anonymous web hosting and browsing; the most popular is “The Onion Router” (“TOR”).<sup>1</sup>

### NOT ORIGINALLY CREATED AS A CRIMINAL MARKETPLACE

The U.S. government released an early version of TOR in 2002 to help protect American operatives and dissidents abroad.<sup>2</sup>

### OFTEN USED FOR CHILD EXPLOITATION

A University of Portsmouth study in 2014 found the most sought-after content on TOR was child sex abuse material.<sup>3</sup>

Sources:  
1) Scientific American  
2) Foreign Policy  
3) The Sun

Sources: 1) UNICEF; 2) Bracket Foundation; 3) The Fix Interview with Thorn

*"It will not be possible to guarantee the safety of minors in the digital world without the full involvement of companies in this sector and without a full awareness of the moral and social repercussions of their management and functioning."*

□ POPE FRANCIS □

## ACTIVE OWNERSHIP UPDATES

# Achieving a Major Breakthrough at AT&T

CBIS continues to lead corporate engagements urging tech companies worldwide to help disrupt child sexual exploitation online. Our biggest accomplishment in 4Q 2019 came at **AT&T**, which committed to more than a dozen action items—spurred by our joint investor letter and shareholder resolution noting the company's inaction.

AT&T committed to taking numerous key steps in 2020 including:

- Completing a children's rights risk assessment across the business, a best practice
- Surveying parents, teens and children across the U.S. on their online use and risks
- Inviting CBIS to present investor expectations and leading practices to company executives
- Assessing how to integrate child protection into digital advertising and online gaming
- Reporting progress on child exploitation prevention to investors
- Launching a cross-team Online Safety Committee



After a yearlong effort to engage **Google/YouTube** and their corporate parent Alphabet, we finally received a response: They are not interested in discussing child sexual exploitation online. Our investor partners filed a shareholder resolution at Alphabet, while CBIS continues to focus on meeting with the company's online safety experts.



CBIS is now focused on **Amazon's** purchase of Twitch, an interactive gaming commentary site, and recent news the company does not scan its cloud storage business (AWS) for child sex abuse imagery.



**Apple** bolstered its privacy and app developer guidelines to stem the spread of child sex abuse imagery, with strong encouragement from CBIS. However, the company faces heavy criticism over inconsistent policy enforcement and encrypted platforms that shield abusive activity.



**Sprint** told CBIS in 2019 it would not actively seek out child sex imagery on its platforms. However, the company did report on employee training for handling imagery found on devices in stores. Our 2019 shareholder resolution still awaits a vote, as the annual meeting was postponed pending Sprint's proposed merger with **T-Mobile US**. In the meantime, CBIS has made multiple contacts with T-Mobile's corporate parent **Deutsche Telekom**—which would own 42% of the newly combined entity—seeking engagement.



At the Vatican summit, CBIS spoke at length with **Microsoft's** top online safety officer about recent company scandals involving abusive imagery found through the Bing search engine. Microsoft reported instituting changes to fix the problem, and said the company will soon launch a tool to detect child sex grooming, built in collaboration with peers.



CBIS and **Facebook** discussed its plans to identify and disrupt the spread of child sex abuse material as the company greatly expands users' encrypted communications. However, CBIS believes those plans are still inadequate given the tremendous risk children face from increased encryption.

65%

of reports of child sex abuse material worldwide in 2018 involved Facebook Messenger.

Source: *The New York Times*

*"I make an urgent appeal to (tech companies) to assume their responsibility towards minors, their integrity and their future."*

□ POPE FRANCIS □

## Help Us Protect Children Online

Pope Francis implores us to fulfill our duty as tech and telecom investors to help fight child sexual exploitation online. As a leader in this area, CBIS is active on multiple fronts, offering our investors and colleagues many opportunities to join us in answering the Holy Father's call.



Contact us to join our efforts to fight child sex exploitation:

- **Join our email forum on preventing child exploitation online** – Members share news, resources and shareholder engagement actions.
- **Add your name to our joint initiatives** – Co-sign letters we send to tech companies and policymakers, or co-file shareholder resolutions with us.
- **Attend annual meetings with CBIS** – Present shareholder resolutions on our behalf, or deliver public comments to bear witness to this growing challenge.
- **Endorse our investor expectations framework** – CBIS is seeking investors and NGOs to sign onto our report on best practices for tech companies before its release in late spring.
- **Raise your voice—and awareness** – Pre-declare your votes on shareholder resolutions, or draft op-eds for publications covering tech companies.
- **Meet with policymakers** – Urge state and federal leaders to strengthen laws on protecting children online.

## Contact Us

We want to hear from you! If you have questions or want more information on any of our engagements, please reach out to our Catholic Responsible Investments<sup>SM</sup> team at:

[CRI@cbisonline.com](mailto:CRI@cbisonline.com) or (800) 592-8890



**John Geissinger, CFA**  
Chief Investment Officer  
[jgeissinger@cbisonline.com](mailto:jgeissinger@cbisonline.com)



**Julie Tanner**  
Managing Director  
[jtanner@cbisonline.com](mailto:jtanner@cbisonline.com)



**Tracey Rembert**  
Director  
[trembert@cbisonline.com](mailto:trembert@cbisonline.com)



**Lucas Schoepner**  
Director  
[lschoepner@cbisonline.com](mailto:lschoepner@cbisonline.com)

## IMPORTANT DISCLOSURES

*The securities identified and described do not represent all of the securities purchased, sold or recommended for CUIT Funds, CBIS Global Funds and separate managed accounts. For a complete list of securities please contact CBIS. The reader should not assume that an investment in the securities identified was or will be profitable.*

*This is for informational purposes only and does not constitute an offer to sell any investment. The Funds are not available for sale in all jurisdictions. Where available for sale, an offer will only be made through the prospectus for the Funds, and the Funds may only be sold in compliance with all applicable country and local laws and regulations.*