

COVID-19 Update

The Dignity of Work at Risk

CATHOLIC RESPONSIBLE INVESTMENTSSM PROGRESS REPORT

APRIL 2020

CBIS Mobilizes to Secure Worker Protections Amid the Pandemic

As the COVID-19 crisis grows across the globe, CBIS is taking swift action on multiple fronts to stem the effects of this deadly pandemic. Across our company, we are deploying a series of interrelated strategies to:

- Ensure the health and safety of our staff
- Protect the short- and long-term interests of our investors
- Confront the social and economic challenges faced by the poor, vulnerable and marginalized, who will be disproportionately impacted

In short, as CBIS staff works remotely, our efforts to engage portfolio companies and fellow investors to catalyze change continue unabated.

Preserving the Dignity of Work

Critically, the focus of our active ownership initiatives has shifted to address the unfolding tragedy at hand. CBIS has successfully worked with companies for more than 25 years to establish protections for workers in their direct operations and supply chains. However, in light of the unprecedented health and financial threat posed by COVID-19, advocating for the welfare of workers has never been more urgent. Companies have an unprecedented opportunity to help save the lives of their workers—and safeguard the dignity of work.

CBIS is calling on the business world to ensure the health and financial security of employees under threat from COVID-19 through three primary strategies:

- Engaging CBIS portfolio companies directly
- Building and joining investor coalitions to add weight to our message
- Working with our sub-advisers to leverage their clout

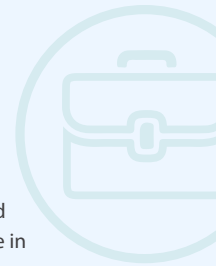
These efforts align with Catholic social teaching, which affirms that work is a way to participate in God's creation.

"Let us pray today for those persons who are beginning to experience economic problems because of the pandemic, because they cannot work... All of this affects the family."

POPE FRANCIS

195
million

Full-time jobs equivalent expected to be lost worldwide in 2Q due to COVID-19¹



25
percent

U.S. workers without paid sick leave²

\$7.7
trillion+

AUM of a coalition including CBIS that signed the **Investor Statement on Coronavirus Response**, urging stronger worker protections



Sources:

- 1) U.N. International Labour Organization
- 2) New America Foundation

Pushing for Greater Worker Protections— Now & Permanently

Among countries, industries and companies, there are deep and significant gaps in the care and support that workers receive. CBIS has long advocated a permanent, systemic approach to addressing these discrepancies—which the coronavirus outbreak has laid bare.

For example, the U.S. and South Korea are the only advanced economies that do not guarantee paid sick time for every worker.* That forces many to make difficult decisions—going to work and infecting others, or losing pay. In the midst of a pandemic, it is a dangerous choice.

“If the dignity of work is to be protected, then the basic rights of workers must be respected—the right to productive work, to decent and fair wages, to the organization and joining of unions, to private property, and to economic initiative.”

U.S. CONFERENCE OF CATHOLIC BISHOPS

Since the public health crisis began, some companies have made promising improvements to their sick leave policies—at least temporarily. However, CBIS believes strong protections for ill and vulnerable workers should be adopted far more widely and extended beyond the current crisis.

More Than a Moral Imperative

Companies that prioritize the health and financial security of

their employees tend to see reduced absenteeism and turnover—and may achieve gains in quality, productivity and morale when the economy eventually rebounds. In particular, CBIS will prioritize engagements with companies in these sectors:

- Apparel – A rash of cancelled orders and factory closings due to raw material shortages and a drop in consumer demand have already occurred in Bangladesh, Cambodia and Vietnam, as well as the U.S., leaving millions of garment workers at risk—particularly migrant and supply chain workers.
- Food service, tech and retail service – Working remotely is not an option for frontline workers at these essential businesses, making them particularly vulnerable. Additionally, our ongoing work with tech companies to protect children from exploitation is especially critical at a time when they’ll be online more than ever.

Our initial focus companies are **Inditex, Hugo Boss, Fast Retailing, Apple, AT&T, and Verizon**. These discussion points will permeate our dialogues with all companies we engage:

- Creating policies to provide paid and family leave
- Prioritizing health and safety
- Minimizing job loss
- Maintaining supplier relationships
- Exercising financial prudence, such as limiting share buybacks

*Source: [New America Foundation](#)

Major Employers Lead by Example

HOW SOME CBIS PORTFOLIO COMPANIES ARE SUPPORTING THEIR WORKERS & COMMUNITIES



14 of the 100

Largest public employers in the U.S., including PepsiCo, have implemented some combination of:

- Paid sick leave with limited barriers to access
- Community services/relief funds
- Customer accommodations/social distancing policies

Source: [JUST Capital](#)



300,000+ frontline workers

Received a \$2/hr raise through at least May 2

30 days

Paid leave provided for workers in the groups most at risk from COVID-19

Source: [JUST Capital](#)



100% salary reduction

For the CEO for six months as thousands of workers volunteer for unpaid furloughs

50% pay cut

For all other corporate officers through 2Q

Source: [CNBC](#)

Amplifying Our Efforts Through Investor Coalitions

IN ADDITION TO ENGAGING PORTFOLIO COMPANIES DIRECTLY, CBIS IS EXPANDING THE REACH AND IMPACT OF OUR WORK BY COORDINATING WITH LIKE-MINDED INSTITUTIONAL INVESTORS.

Together with other members of the Interfaith Center on Corporate Responsibility, CBIS is proud to be part of the core working group that released the [Investor Statement on the Coronavirus Response](#), led by Domini Impact Investments. The statement acknowledges the serious challenges businesses are facing while providing a roadmap to help them show leadership “by using their power as a force for tremendous good.”

CBIS is also an active member of Principles for Responsible Investment, which released the guide [Responding to COVID-19: Immediate Investor Actions](#). We are participating in PRI working groups drafting investor blueprints to confront the crisis from two perspectives:

- Keeping socially responsible investing and ESG priorities front and center in the near term
- Exploring financial system reforms to ensure sustainable outcomes once global economies recover

Leveraging the Strength of Our Sub-advisers

As part of our value proposition to investors, CBIS retains a cadre of respected asset management firms to sub-advise our funds. In the face of the COVID-19 pandemic, we immediately engaged all of our sub-advisers to exchange learnings and determine how they are encouraging portfolio companies to support worker protections. With over \$1 trillion in assets collectively, they have tremendous power to influence corporate priorities.

“As long-term stewards of capital, investors can and should act now to help reduce harmful impacts including: the direct effect on public health, the severity of the associated economic slowdown, the deepening of inequality in societies and the resulting impacts of all of the above on mental health.”

PRINCIPLES FOR RESPONSIBLE INVESTMENT, RESPONDING TO COVID-19: IMMEDIATE INVESTOR ACTIONS



SELECT CBIS SUB-ADVISERS SHARE PERSPECTIVES ON COVID-19 IMPACTS & EFFORTS TO HELP WORKERS

LAZARD

“Sustainability has generally been interpreted as an approach to day-to-day business operations, but we believe the COVID-19 emergency may be a useful diagnostic tool for identifying companies that operate sustainably from those that do not...”

WELLINGTON MANAGEMENT®

“Wellington believes that in these early days, companies are still trying to figure out how to address the issue of worker protections and compensation. Legislation will also factor heavily into the companies’ actions. Wellington believes corporate behavior now could matter for the future of the company...”

GLOBAL ALPHA

“In the current situation one of the things we are doing is asking companies to look at compensation schemes, especially for senior management, to see how they could be modified to the benefit of workers directly impacted by the pandemic.”

How You Can Help Protect Workers During COVID-19



The 100 largest public employers in the U.S. are implementing a broad range of responses to the COVID-19 pandemic. (Source: [JUST Capital](#))

As investors, we have a unique opportunity to impact how our portfolio companies care for their workers, through the pandemic and beyond. As Catholics, we are also called to promote and protect the dignity of work. There are many ways you can support these vital efforts:

JOIN – Institutional investors can sign onto and share the Investor Statement on Coronavirus Response.

[Join now >](#)

CONTACT – Companies you frequently do business with can benefit from hearing your kudos or critiques on their policies and practices to protect workers. Track their actions through JUST Capital’s COVID-19 Corporate Response Tracker.

[Visit site >](#)

SUPPORT – Explore and encourage COVID-19 initiatives led by Catholic organizations such as:

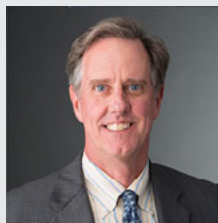
[Catholic Legal Immigration Network >](#)

[USCCB’s Justice for Immigrants >](#)

[Catholic Charities >](#)

Contact Us

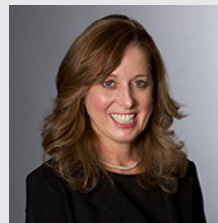
We want to hear from you! If you have questions or want more information on any of our engagements, please reach out to our Catholic Responsible InvestmentsSM team at: CRI@cbisonline.com or (877) 550-2247



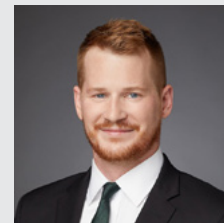
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