

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


# Impact and Justice

APRIL 2019

## Building on Our Legacy of Pioneering Work

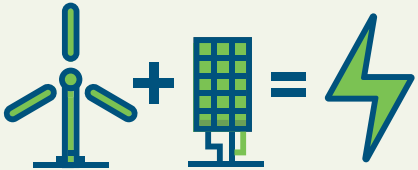
Two decades ago, CBIS helped pioneer the investment industry’s work with energy companies to address climate change. Now we are at the forefront of another issue receiving little attention from investors: child sexual exploitation online. This campaign is critical, as we are continually reminded by scandals exposing the tech sector’s failure to protect our most vulnerable. CBIS is also enlisting airlines and luxury brands in our ongoing fight against human trafficking.

### Driving Progress

 **CLIMATE CHANGE**

**36,000**  
BP employees whose pay will be tied to climate performance after CBIS and partners pressed the company to link them

**500 MW**  
Wind and solar energy **ExxonMobil** bought in 2018 to offset greenhouse gas emissions after CBIS urged the company to diversify its energy mix



 **CHILD SEXUAL EXPLOITATION**

**1 billion**  
Ads placed by one AOL client using illegally obtained child user data, highlighting the importance of our work with parent company **Verizon**

**400+**  
 Channels YouTube terminated over inappropriate comments left on videos of children, a scandal CBIS will address in our upcoming engagement with parent company **Alphabet**

 **HUMAN TRAFFICKING**

**\$4.5 trillion**  
Combined AUM of co-signers to the [KnowTheChain Investor Statement](#), including CBIS. KnowTheChain is a global organization focused on eliminating forced labor.

**82% of world air traffic**  
is represented by the International Air Transport Association, which recently issued guidance to help airlines disrupt human trafficking.



*“We all can and must work together to denounce the cases of exploitation and slavery of men, women and children.”*

— Pope Francis, 2/11/19

### Commitment to Responsible Investing Leadership

**79%** Our sub-advisers who are signatories, along with CBIS, to the Principles for Responsible Investment



# Fighting Trafficking on Multiple Fronts

## Applauding Apparel Industry Leadership

CBIS is turning our focus to luxury apparel brands as we continue working with retailers to eliminate forced labor from supply chains. To maximize our leverage and reach, CBIS is partnering with fellow signatories to the KnowTheChain Investor Statement.

In January, CBIS led a \$450 billion investor coalition that co-signed a letter recognizing **Inditex** for its Top 5 ranking from KnowTheChain. We also suggested the company take additional steps such as:

- Integrating standards addressing forced labor and human trafficking into contracts with suppliers.
- Insisting any recruitment-related fees in the supply chain are paid by employers, not workers.

## Airlines Report Encouraging Steps

CBIS is also engaging airlines in our fight against human trafficking, and contacted five carriers seeking information on

their efforts. This campaign builds on our extensive work with **United Continental**, led by Mercy Investments, as the airline has emerged as a rising leader.

*“We recognize that our Cabin Crew and Ground Staff can be in a position to identify and report suspected cases. We therefore provide recurrent training to them so as to maintain awareness and knowledge of the issue and ensure that they look out for signs of human trafficking at the airport and on-board the aircraft.”*

— EasyJet response to CBIS, 2/6/19

**EasyJet** and **Ryanair** provided the first responses to our campaign in February, describing efforts such as staff training and cross-border collaboration with law enforcement. We are pleased to learn of this work but will follow up seeking greater specificity.

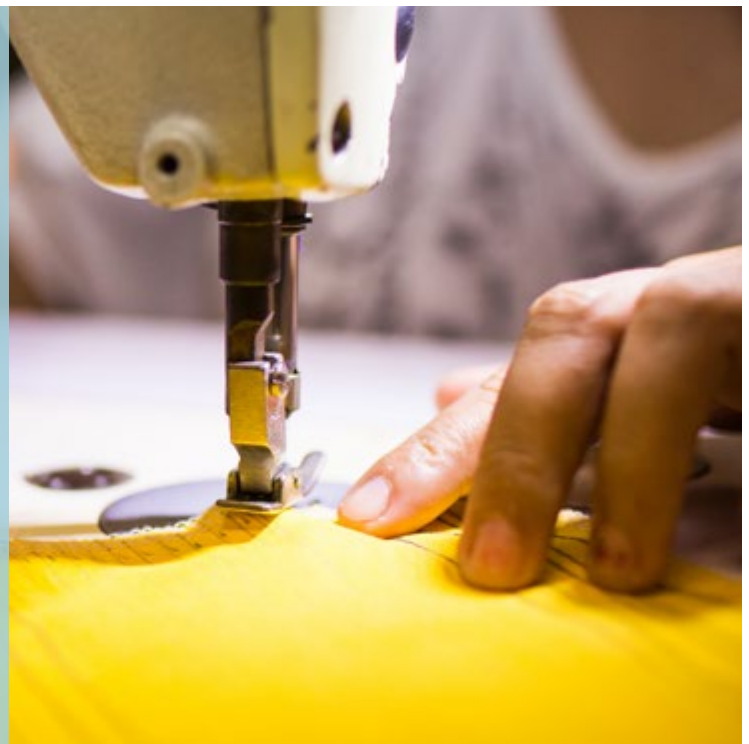
## KnowTheChain 2018 Apparel & Footwear Benchmark<sup>1</sup>

CBIS Focus Company Rankings (out of 43)

- #5 – Inditex (world’s largest fashion group)
- #10 – Hugo Boss
- #17 – Kering S.A. (owns Gucci and Saint Laurent)
- #19 – Fast Retailing (owns Uniqlo brand)
- #30 – Hermès

*“Companies were assessed across the benchmark’s seven themes, which were developed to capture the key areas where companies need to take action to eradicate forced labor from their supply chains.”*

— KnowTheChain





# Groundbreaking Work Gains Momentum

YouTube's recent scandal over sexually abusive comments on videos of children was only the latest example of tech and telecom companies leaving young people vulnerable. CBIS is marshalling resources to provide guidance to these companies and their investors through initiatives including:

- Formalizing the industry's first set of investor expectations through our Tech Expectations Advisory Committee.
- Engaging our sub-advisers.
- Organizing global webinars and conference panels.



CBIS recently organized a global webinar on child sex exploitation and technology, hosted by the Principles for Responsible Investment. For a recording, contact the CRI team at: [CRI@cbisonline.com](mailto:CRI@cbisonline.com)



**25MM** IMAGES OF CHILD SEX ABUSE MATERIAL (CSAM) REVIEWED ANNUALLY BY THE NATIONAL CENTER FOR MISSING & EXPLOITED CHILDREN<sup>i</sup>

**105,000** WEB PAGES FOUND AND REMOVED OVER CSAM IN 2018 THROUGH THE INTERNET WATCH FOUNDATION<sup>ii</sup>



Sources: i. Thorn; ii. Internet Watch Foundation

## Pushing for Transparency & Recognizing Progress<sup>1</sup>



Shareholder Resolution: **WITHDRAWN**

At a time when peers are making news for the wrong reasons, **Apple** has taken actions as a result of our engagement and resolution including:

- Strengthening app developer rules after CBIS raised questions.
- Ramping up vigilance on apps facilitating child sex imagery.



Shareholder Resolution: **FILED**

CBIS will keep our resolution on the ballot for **Verizon's** annual meeting after the company failed to develop an action plan over child sex exploitation vulnerabilities.

Annual Meeting: May 2, 2019



Shareholder Resolution: **FILED**

CBIS filed a resolution after **Sprint** was unresponsive for a year.

Annual Meeting: August 2019



Letter to Board

CBIS is seeking a more robust response to our letter on confronting and disrupting child sex imagery on **AT&T's** platforms, after the company's initial reply failed to address key questions.

**Alphabet** **facebook**.

CBIS is forming an investor coalition to address growing risks at **Alphabet** and **Facebook** after both were exposed for neglecting their oversight responsibilities.



# Stepping Up Efforts to Reduce Emissions

CBIS was working with companies on climate change long before it was a hot topic in the investment world. We first engaged **ExxonMobil** 20 years ago and **BP** a few years later. Our efforts continue with those companies and others in the energy and auto industries.

A current priority is challenging energy producers to set goals for reducing greenhouse gas emissions not only from their operations, but also from the oil and gas they sell. CBIS and investor allies successfully persuaded **Royal Dutch Shell** to establish reduction targets for its products, but other companies are pushing back.

## Achieving Results & Rallying Investors<sup>1</sup>



Shareholder Resolution: **NONE FILED**

**Royal Dutch Shell** announced plans to change its business model and become the world's largest power company by 2033. It is also:

- Aiming to reduce its net carbon footprint 2-3% by 2021.
- Distancing itself from key trade groups over climate change issues.
- Offering some customers €0.01 emission offsets at the gas pump.

**ExxonMobil** Shareholder Resolution: **OMITTED**

To avoid accounting for emissions generated by its products, **ExxonMobil** successfully challenged a resolution we co-filed as part of the Climate Action 100+ coalition. CBIS fought to keep the resolution on the ballot, and over 100 other investors representing \$9.5 trillion in AUM agreed. However, the SEC sided with Exxon. CBIS will vote against several directors for regressing on shareholder engagement.

Annual Meeting: **May 29, 2019**



Shareholder Resolution: **FILED**

CBIS co-filed a resolution with a coalition representing over 6% of **BP's** shareholder base, asking the company to align its business with Paris Agreement goals for limiting global warming. BP's board supports the resolution. CBIS discussed that commitment, and why it doesn't include reduction goals for product emissions, in a meeting with the company.

Annual Meeting: **May 21, 2019**



Shareholder Resolution: **NONE FILED**

**Ford** will release a report May 1 at the annual Ceres Conference analyzing its position under various scenarios related to climate change, a key request of CBIS. We discussed Ford's progress on the report and lobbying efforts on emission standards during a January call with company leaders.



## INVESTOR SPOTLIGHT

CBIS often collaborates with our investors on corporate engagements. Recently, we teamed up with the Maryknoll Sisters and the School Sisters of Notre Dame Cooperative Investment Fund to file shareholder proposals at Verizon and Sprint, respectively. Sharing our concerns over child sexual exploitation online, our investors have rallied to support these efforts and attend dialogues to help us make the case for action.

## JOIN OUR CAMPAIGN

If you are interested in attending a company dialogue on child exploitation, co-signing a letter of concern or support, co-filing a resolution, or attending an annual meeting on this issue, please contact:

**Tracey Rembert**  
(212) 503-1927



L: Cathy Rowan of the Maryknoll Sisters; R: Sr. Ethel Howley of the School Sisters of Notre Dame Cooperative Investment Fund<sup>2</sup>

## SHARING OUR THOUGHT LEADERSHIP

Our Catholic Responsible Investments<sup>SM</sup> team will lend its expertise to panel discussions at these upcoming industry events.

### HOW BUSINESS CAN TACKLE MODERN SLAVERY, FORCED LABOR AND HUMAN TRAFFICKING

**Host:** Innovation Forum

**When:** April 30 – May 1

**Where:** New York City

**Panel:** Financial Perspective: How are investors responding to modern slavery risks?

### ESG INVESTING

**Host:** Pensions & Investments

**When:** May 21

**Where:** Boston

**Panel:** Sourcing the Data for Investment Decision-Making

## IMPORTANT DISCLOSURES

<sup>1</sup>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. The reader should not assume that an investment in the securities identified was or will be profitable.

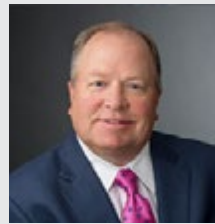
<sup>2</sup>It is not known whether or not the investors identified approve or disapprove of CBIS.

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.

## Contact Us

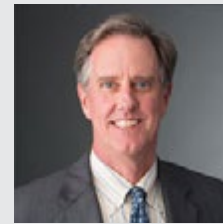
We want to hear from you! If you have questions or want more information on any of our engagements, please reach out to our Catholic Responsible Investments<sup>SM</sup> team at:

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



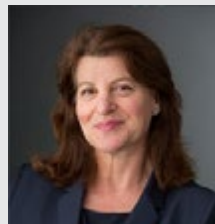
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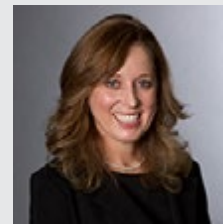
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