

▶ CATHOLIC RESPONSIBLE INVESTING

# CRI Progress Report

APRIL 2015

## Key Highlights:

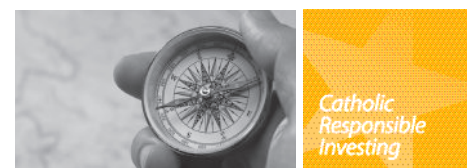
Overview of Active Ownership <b>page 1</b>	2015 Resolution Goals <b>page 2</b>	2015 New Dialogues Details <b>page 3</b>	2014 In Review <b>page 6</b>
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**Catholic Responsible Investing<sup>SM</sup> (CRI) extends a faith-based mission to encompass the management of an investment portfolio — allowing the two to work in harmony. CRI is a powerful management process that allows an organization to express its Catholic beliefs through its investments. By targeting both financial return and social return, fiduciaries can establish a broad vision for an organization’s mission and can demonstrate that all aspects of the organization can be integrated into it. Our approach to CRI involves three main elements, including Catholic investment screening, active ownership and diversified asset management. In this issue, we will take an in-depth look at our ongoing active ownership efforts and explain how they help Catholic organizations unify faith and finance.**

## A FOCUS ON ACTIVE OWNERSHIP

Active Ownership is a critical element in CBIS’ CRI approach. It is aimed at influencing the strategies, policies and practices of corporations in our portfolios. As responsible shareholders, we believe that we are called upon to be active owners and raise corporate awareness on issues of importance to Catholic investors. CBIS views active ownership as a fundamental responsibility of our stewardship of client assets. CBIS’ active ownership program is shaped by Catholic teaching and leverages a variety of tools to address issues related to human dignity, economic justice and environmental stewardship:

- ▶ **Shareholder Resolutions** – CBIS files resolutions that are voted on by shareholders to demonstrate wide-spread support to address our Participants’ concerns
- ▶ **Corporate Dialogues** – CBIS meets with Fund portfolio companies to encourage them to improve policies and practices that affect employees, customers, and communities
- ▶ **Proxy Voting** – we vote more than 3,000 proxy ballots each year, throughout the world, to communicate to companies our Participants’ positions on important issues



## PRINCIPLES UNDERLYING CRI

- **Human Dignity** - human life is sacred
- **Economic Justice** - for the well-being of all people, particularly the poor
- **Environmental Stewardship** - responsibility to protect the planet

*In 2015, CBIS is engaging 28 companies, including dialogues with two new companies and four shareholder resolutions.*

## 2015 SHAREHOLDER RESOLUTIONS

	<b>EXXONMOBIL</b> (Environmental Stewardship – Climate Change)	<b>KRAFT</b> (Environmental Stewardship – Water Sustainability)	<b>ROYAL DUTCH SHELL AND BP</b> (Environmental Stewardship – Climate Change)
<b>Resolution Request:</b>	Adopt goals to reduce greenhouse gas emissions.	Issue a sustainability report that describes environmental, social, and governance performance and goals and ways the company is working with its suppliers to manage water resources, greenhouse gas emissions, and worker rights.	Report on high cost, high carbon projects and plans to address global concerns regarding fossil fuels and their contribution to climate change.
<b>Why is This Important?</b>	ExxonMobil has refused to adopt emissions goals despite the fact that sixty percent of Fortune 100 companies have set them. We believe that reduction goals enable companies to reduce costs, build resilient supply chains, manage operational and reputational risk, and create new products and services.	Kraft has not made sufficient progress since our previous meeting in late 2013. We are hopeful that Kraft will adopt and publish policies and goals that address major sustainability issues, and expand publicly available information documenting performance.	Climate change and associated public policy uncertainty can create material risks for investors. Shifts in the energy market, including flat or reduced demand, challenges from renewables, and fuel switching from oil to gas can impact profitability.
<b>Why this Company?</b>	ExxonMobil plays a critical role in energy markets and its leadership in developing solutions to the global challenge of climate change can transform the industry.	Kraft is influential in the sector given its name recognition, extensive product line, and supply chains throughout the world. Progress by Kraft can have an impact throughout the industry and an impact on the environment.	BP and Shell have the highest carbon footprints in the FTSE100 and will play a key role in the multi-decade global energy transition. Both companies are facing higher costs due to such things as increasing operations in physically challenging environments and development of unconventional oil reserves such as deepwater, Arctic, and oil sands, among others.
<b>Held In:</b>	Balanced, Value, Core Equity, World Equity	Balanced, Growth, Core Equity	<b>Shell:</b> European Equity, International <b>BP:</b> European Equity

2015 NEW DIALOGUES | **Anglo American (Economic Justice)**

**CBIS Dialogue Leader; Held In:** European Equity Fund

*CBIS will lead a dialogue at Anglo American seeking strengthened labor and environmental standards to improve relationships with workers and communities.*

**Background:** UK-based Anglo American is a global and diversified mining company in business for more than 100 years

- ▶ The world's largest platinum producer and the global leader in diamonds. Brands include DeBeers
- ▶ More than 158,000 employees and contractors
- ▶ Iron ore, coal, copper, nickel mines
- ▶ Mines in South Africa, Australia, Chile, Brazil, India, etc

**Goals:** We seek strong labor standards to address worker concerns and the development of a robust grievance mechanism to be used by individuals, workers and communities that are being negatively affected by business activities and operations, including impacts on health, safety and the environment.

#### Why Anglo American?

- ▶ As the 5th largest mining company, changes to policies and programs can have far-reaching impacts
- ▶ With mines throughout the world, comprehensive human rights practices can impact communities globally
- ▶ Investors are not currently addressing these issues with the company

**Concerns:** Like many extractive companies, Anglo American is faced with the complex challenge of meeting demand while maintaining its social license to operate and reducing impact on the environment. While the company has provided benefits to communities, progress has been piecemeal and disputes continue:

- ▶ **The Cerrejón mine, Colombia**, South America's largest open pit coal mine, faces criticism due to air and water pollution, involuntary resettlement, and labor woes that closed the mine for 1 month;
- ▶ **Anglo American Platinum, South Africa** experienced a three-month labor strike that cost the company 40% of its annual production and \$400 million in costs; and
- ▶ **At Chile's Los Bronces copper mine**, a strike by 4000 contract workers halted production

**Contributions:** Anglo has joined the progressive Initiative for Responsible Mining Assurance (IRMA), which certifies mines based on environmental standards, and Kellogg School of Management's Mining for the Future Framework, which seeks to improve community relationships and contribute to sustainable economic growth.

**Rationale:** Contentious operations can impact reputation, inhibit expansion, and impact financial performance. CBIS' sector knowledge, history of accomplishment with Newmont Mining, and contacts at environment and human rights organizations, will enhance our dialogue.

**Catholic Social Teaching and involvement by the Church in the mining sector:** A fundamental reason for the Church's teachings on environmental stewardship relates back to the dignity of the human person. Since all are created in God's image, all have equal dignity. Environmental Stewardship means respecting the dignity of future generations as equal to that of current generations. Providing for today's communities, employees, profits, etc., at the expense of future generations is, at its root, a sin against human dignity. The Church has worked for years to address issues associated with the sector since mining can affect the poor most acutely.

## 2015 NEW DIALOGUES (CONTINUED) | Target (Human Dignity – Human Trafficking)

**CBIS Dialogue Leader; Held In:** Growth, Balanced, Core Equity, Value

*We will encourage Target to strengthen, implement and report on comprehensive corporate policies to protect workers in their immediate and extended seafood supply chain from unethical and illegal hiring and recruitment practices.*

**Background:** Human trafficking is an umbrella term for activities in which a person obtains or holds another in compelled service. It occurs across borders and has been reported in all 50 states. It involves controlling a person through force, fraud, or coercion to exploit the victim for forced labor, sexual exploitation, or both. The International Labor Organization estimates that 20.9 million women, men and children worldwide are trapped in jobs into which they were coerced or deceived and which they cannot leave.

**Goals:** We will encourage Target to create robust management systems to protect workers in their immediate and extended supply chains from human trafficking by:

- ▶ Ensuring ethical recruitment policies are followed
- ▶ Identifying vulnerable workers and locations
- ▶ Monitoring and auditing supply chains
- ▶ Repaying workers and terminating agents that charge workers fees
- ▶ Training staff and suppliers to identify and report human trafficking

#### Why Target?

**Significant influence on the industry:** Target is the 4th largest retailer in the U.S. with 1,900 stores across North America.

**Products:** Frozen seafood and shrimp are sold under Target's private label brands Simply Balanced, Market Pantry and Archer Farms.

**Lack of information:** Target has strong labor and human rights policies and programs – it audits working conditions, hiring practices and treatment of workers at factories that manufacture Target products – but it is not evident how it is handling the challenge of slave labor in the seafood sector.

#### Why Seafood?

Undercover investigations of slave labor in the shrimp industry in Thailand by *The Guardian* newspaper found that men were routinely bought and sold and forced to work under mental or physical threat up to 18 – 20 hours per day, 7 days a week. The men hauled fish that were then ground to fishmeal and sold to CP Foods, a giant Thai food conglomerate which uses the meal to feed its farmed shrimp. Those shrimp were traced to Walmart, Costco and other retailers. Shares of CP Foods fell by 6% following the findings on the possibility of US sanctions. *The Wall Street Journal*, *The New York Times* and papers worldwide covered the story. Companies have since pledged to drop suppliers, strengthen audits and investigate recruiters. While Target was not named, it is widely assumed that all major players use the same vendors.

**Bonded labor:** In countries where labor is in short supply, companies may use brokers to help staff their factories and workplaces. These labor agencies recruit workers from other countries and often use multiple sub-agencies, each of which may require workers to pay fees in exchange for employment. This means many workers find they have taken on huge debt even before they start work. To repay the debt, workers must hand over a high proportion of their wages to the recruiters and remain at the job until the debt is paid. While labor brokers often play a useful role, unscrupulous brokers may charge high fees, make loans at excessive rates, misrepresent jobs, withhold identity documents and employment contracts, and illegally deduct pay. Once at the destination, promised jobs may not exist or wages may be lower than what was promised.

**Focus on Thailand:** Human trafficking in the seafood industry is a particular problem in Thailand, the world's largest shrimp and 3<sup>rd</sup> largest seafood exporter. More than 400,000 workers are in the sector, many of whom are migrant workers from Laos, Myanmar,

## 2015 NEW DIALOGUES (CONTINUED) | Target (Human Dignity – Human Trafficking)

and Cambodia. Migrant workers are vulnerable to traffickers since many do not speak the language, do not know their legal rights, lack social support networks, do not have or know the terms of their employment contracts, and may distrust state institutions.

**High demand:** Low unemployment rates coupled with increased demand from the US and Europe for inexpensive shrimp has helped to drive the need for cheap labor.

**Insufficient action on human trafficking:** Despite being one of the wealthier countries in South East Asia, Thailand has the highest estimated prevalence of modern slavery. *The US State Department* includes Thailand among its list of 24 countries doing the least to fight human trafficking, a finding that could lead to economic and diplomatic penalties. (Malaysia, which along with Indonesia supplies 85% of the world's palm oil, is also on the list.) Thailand has pledged to create new and enforce existing laws and address corruption and bribery.

**Business rationale:** Companies lacking policies and implementation measures may expose workers in their supply chains to human rights abuses. Inaction exposes companies to reputational, financial, legal, and regulatory risks that can deleteriously impact shareholder value. While CBIS' focus is on Target, other investors will engage Walmart, Coca-Cola, Archer Daniels Midland and other companies that are part of the seafood supply chain.

**Catholic social teaching:** It is a sin against the dignity of persons and their fundamental rights to reduce them to their productive value or to a source of profit.

**New corporate initiative:** Walmart and Tesco have joined a new alliance with human rights groups and government agencies called *Project Issara* (meaning 'freedom' in several Southeast Asian languages). The collaboration includes joint factory audits, worker hotlines, and support services to

trafficked workers. Consumers can ask their favorite retailers to join Project Issara or write to restaurants they frequent that serve shrimp and ask them to ensure that their seafood is not associated with human trafficking.

**Other sectors that rely on labor brokers:** Target is not alone. Many companies that use labor brokers lack fair hiring policies. Therefore, CBIS is also engaging Wyndham (hospitality) and Macy's (apparel). CBIS will continue our dialogue with Campbell's on ethical recruitment in the palm oil industry to prevent human trafficking.

▶ **Campbell Soup**

*Dialogue on human trafficking in the palm oil supply chain in Indonesia and Malaysia. Labor brokers are used extensively in the sector to support the nearly 3 million workers needed.*

**CBIS Dialogue Leader.** *Campbell's is held in Core Equity, Balanced, Growth and World Equity.*

▶ **Wyndham**

*Dialogue on child sexual exploitation has expanded to include labor recruitment. Many hotel chains hire housekeeping and cleaning staff through a separate management company, which in turn contracts work to an agency.*

**CBIS Dialogue Leader.** *Wyndham is held in Core Equity, Balanced and Growth.*

▶ **Macy's**

*Dialogue on labor standards at the factories that make its clothes. Apparel factories frequently hire workers through labor brokers.*

**CBIS Dialogue Leader.** *Macy's is held in Core Equity, Balanced and Value.*

## SUMMARY OF 2014 SUCCESS STORIES

### Success on Resolutions

- ▶ Lack of progress with **Archer Daniels Midland** addressing environmental and social concerns in its supply chain led CBIS and members of The Interfaith Center on Corporate Responsibility (ICCR) to file a shareholder resolution, but we withdrew the resolution after the company committed to improvements. In May, Archer Daniels Midland released a *Respect for Human Rights Statement* that impacts 400,000 growers and includes commitments to train suppliers to identify and address human trafficking. We commend the company for its leadership in the agricultural sector where migrant labor is prevalent and paying recruitment fees is widespread.

*CBIS is a co-filer and has engaged the company since 2009. It is held in Core Equity, Balanced and Growth.*

- ▶ After years of dialogue, we were proud to report that **Wells Fargo** announced it was discontinuing its Direct Deposit Advance product, which charged customers high fees and had other features that many consider similar to predatory lending. Based on the company's decision, we withdrew our shareholder proposal seeking revisions to the company's policies to prevent predatory lending. *Since Wells Fargo discontinued the product that was of concern, CBIS has discontinued the engagement.*

### Progress on Human Rights

- ▶ **JPMorgan Chase** is the first bank to include in its Environmental and Social Policy a prohibition on financing projects that demonstrate involvement in human trafficking. Leading bankers will be trained on the policy and it can have far-reaching impact on the bank's loans and investments. CBIS was proud to be among the groups selected to review the bank's new policy.

*CBIS is the dialogue leader and has engaged JPMorgan Chase since 2005. It is held in Core Equity, Balanced, Growth and Value.*

- ▶ **Macy's** became a founding member of The Alliance for Bangladesh Worker Safety, a group of 26 retailers and brands covering 700 factories that was founded following the Tazreen factory fire and Rana Plaza building collapse in 2012 and 2013, respectively. Members commit to improve worker safety, inspect factories, and provide low-cost loans for factory improvements.

*CBIS is the dialogue leader and has engaged Macy's since 2008. It is held in Core Equity, Balanced and Value.*

- ▶ CBIS called legislators, participated in Congressional briefings, and helped to organize an investor statement in support of the successful introduction of **The Business Supply Chain Transparency on Trafficking and Slavery Act** (H.R. 4842) in the House of Representatives. If enacted, it will require more than 5,000 companies reporting to the Securities and Exchange Commission to disclose measures to prevent human trafficking. The intractability and pervasiveness of trafficking requires meaningful legislation that moves beyond voluntary disclosures and levels the playing field for all companies. This work builds on CBIS' efforts to pass the influential California Transparency in Supply Chains law of 2010, including organizing an investor sign-on letter to the California governor and publishing a guide to help companies implement the law.

- ▶ **Wyndham** announced it will develop comprehensive training and educational tools for hotel owners and franchisees, property-level staff and employees at its corporate offices and call centers to educate them about all aspects of human trafficking. In addition, the company donated 1 million rewards points which will be used to provide hotel rooms and supplies for survivors of human trafficking. With 7,590 hotels, Wyndham's commitment has the potential to have a great impact on the industry and in the 71 countries where the company operates.

*CBIS is the dialogue leader and has engaged Wyndham since 2009. It is held in Core Equity, Balanced and Growth.*

## SUMMARY OF 2014 SUCCESS STORIES (CONTINUED)

## Action on Climate Change

- ▶ We continue to register solid results at Exxon, with nearly one-quarter (22%) of all voting shares supporting the resolution CBIS co-filed at **ExxonMobil** asking for reduced greenhouse gas emissions and improved energy efficiency measures.  
*CBIS is a co-filer and has engaged Exxon since 2001. It is held in Core Equity, Balanced, Value and World Equity.*
- ▶ CBIS joined shareholders representing \$3 trillion in assets in sending letters to 45 of the largest fossil fuel companies asking for more information about whether and how they were addressing the risks posed to their assets by changing climate policy. Two-thirds of the companies agreed to respond by 2015.

## Access to Medicine

- ▶ After years of prodding, **AbbVie** signed a licensing agreement for generic production of the company's major HIV drugs, the preferred treatment for children less than 3 years old. There is hope that this license will enable other companies and organizations to reformulate and manufacture pediatric treatments for distribution in low- and middle-income countries where 99% of children with HIV in the developing world live. This represents the first time that AbbVie has granted a license for generic production of its HIV drugs. There are 3.2 million children with HIV in the world.  
*CBIS is the dialogue leader and has engaged AbbVie (formerly Abbott Labs) since 2002. It is held in Core Equity, Balanced and Growth.*

## 2014 PROXY VOTING

*In 2014, CBIS voted proxy ballots at 3,235 company meetings. Proxy voting is an important means of communicating with portfolio companies about leadership and governance matters such as who should represent shareholders on boards of directors and executive compensation packages. Proxy voting also enables CBIS to indicate our opinions on shareholder proposals submitted by other investors addressing additional governance topics as well as social and environmental issues that affect the company. CBIS voted more than 850 shareholder proposals in 2014 on issues ranging from corporate governance to climate and human rights risk management to the ability to nominate director candidates.*

## 2015 CRI PROGRAM OVERVIEW

## SHAREHOLDERS RESOLUTIONS

COMPANY	ISSUE	OVERVIEW	GOAL
BP	Environmental Stewardship: <b>Climate Change</b>	Climate change and shifts in the energy market can create material risks for investors. Shell is among companies with the highest carbon footprints in the FTSE100 and can play a key role in a global energy transition. CBIS has joined a filing with 100 US, UK and European asset owners, fund managers, Church investors, and pension funds with over \$200bn AUM.	Issue report on high cost, high carbon projects and plans to address climate change
ExxonMobil	Environmental Stewardship: <b>Climate Change</b>	Exxon plays a critical role in energy markets and its leadership in developing solutions to the global challenge of climate change can transform the industry. Reduction goals can help companies to reduce costs, build resilient supply chains, manage operational and reputational risk, and create new products although the company has refused.	Adopt performance goals to reduce global greenhouse gas emissions
Kraft	Environmental Stewardship: <b>Water Sustainability</b>	Kraft has not made sufficient progress adopting and implementing policies and initiatives to manage environmental risks including water risks among its suppliers, nor is its performance reporting on these issues adequate. After two years of insufficient progress, a shareholder proposal was submitted to urge the company to do more. Kraft is influential given its name recognition, extensive product line, and supply chains throughout the world. Progress can have an impact throughout the industry and an impact on the environment.	Issue a sustainability report addressing environmental and human rights policies, goals, and performance
Shell	Environmental Stewardship: <b>Climate Change</b>	Climate change and shifts in the energy market can create material risks for investors. BP is among companies with the highest carbon footprints in the FTSE100 and can play a key role in a global energy transition. CBIS has joined a filing with 100 US, UK and European asset owners, Church investors, and pension funds with over \$200bn AUM.	Issue report on high cost, high carbon projects and plans to address climate change

## CORPORATE DIALOGUES

COMPANY	ISSUE	OVERVIEW	GOAL
AT&T	Human Dignity: <b>Pornography</b>	Access to pornography via mobile devices has become more widespread. Of particular concern is the ability of minors to view pornography, particularly as more children use smart phones at younger ages. Service providers including AT&T do not make effective content-blocking options available on all devices, which would enable parents to limit what they or their children can view.	Provide content-blocking controls on all mobile devices that provide the option of limiting what content can be accessed and viewed
AbbVie	Economic Justice: <b>Access to Health</b>	AbbVie made major strides by making available to children under 3 years HIV medications recommended by The World Health Organization. We will now seek similar access to treatment for adults. Pharmaceutical companies have an important role to play by responding with effective action to combat HIV/AIDS. They also have a unique reputational risk associated with a lack of response.	Expand distribution of medications
Allstate	Environmental Stewardship: <b>Climate Change</b>	Insurance companies are particularly susceptible to risks stemming from climate change, and they have the ability to affect responsible customer behavior through the products and incentives they provide. Allstate needs to have a comprehensive climate change strategy in place to reduce business risk and direct public policy advocacy that can benefit the company, shareholders, and customers.	Adopt and implement a policy that reduces business risk stemming from climate change
Anadarko Petroleum	Environmental Stewardship: <b>Hydraulic Fracturing</b>	The rapid expansion of hydraulic fracturing over the past several years has been a boon to energy production in the US, but the impacts on local communities and the environment need to be managed responsibly to minimize adverse consequences. Anadarko needs to adopt a human rights policy that promotes the well-being of local communities and expand disclosure on initiatives and performance regarding environmental impacts.	Implement a human rights policy, improve stakeholder engagement, and expand disclosure of environmental risk mitigation performance



## 2015 CRI PROGRAM OVERVIEW (CONTINUED)

CORPORATE DIALOGUES			
COMPANY	ISSUE	OVERVIEW	GOAL
Anglo American (N)	Environmental Stewardship: <b>Environmental Justice</b>	A pattern of unrest exists across some mine sites due to labor and environmental issues. The company has the complex challenge of meeting demand while reducing impacts on the environment and maintaining social license to operate. Improvements have been registered but progress has been inconsistent at the 5th largest mining company in the world.	Strengthen labor and environmental standards to improve community and worker relationships
Archer Daniels Midland	Environmental Stewardship: <b>Water Sustainability</b>	Supply chains for agricultural products contain risks involving water management, pesticide use, deforestation, and greenhouse gas emissions that can affect the sustainable supply of ingredients and impact company performance. ADM is working to improve its policies, performance, and related disclosure concerning responsible growing practices among its agricultural suppliers in order to improve supplier sustainability and reduce business risk.	Expand programs and reporting addressing sustainability issues among agricultural product suppliers
Campbell Soup	Human Life and Dignity: <b>Human Trafficking</b>	Human trafficking is rife in the production of palm oil in Indonesia and Malaysia. More than 3 million workers that toil to meet growing global demand obtain their jobs through labor brokers, some of whom have exploitative labor practices. Campbell's has taken steps to make its palm oil sustainable. We will encourage new policies to protect workers and to eliminate human trafficking.	Create and implement palm oil sourcing policies to prevent human trafficking
Citigroup	Economic Justice: <b>Responsible Lending</b>	Citigroup has established strong systems to identify, assess and manage environmental and human rights risks in its financing decisions. We will review with the bank its updated guidelines for managing these risks, which can help to reduce the environmental impacts of the underlying projects the bank finances, diminish the bank's exposure to severe criticism, and improve the bottom-line.	Implement environmental and human rights standards for lending in emerging markets
Coca-Cola	Environmental Stewardship: <b>Water Sustainability</b>	Coca-cola is heavily dependent upon water, both directly as a key ingredient in its products and indirectly through ingredients such as oranges and sugar cane that require water. Coca-cola has implemented a water policy that focuses on reducing water use, recycling water used in production, and replenishing water in local communities. We meet regularly with the company to monitor implementation of the policy, to urge the company towards additional best practices, and encourage collaborations with NGOs.	Expand and improve the effectiveness of Coca-Cola's water sustainability initiatives
Express	Economic Justice: <b>Worker Rights</b>	Express sells clothes in over 500 stores in the U.S. The poor working conditions in Bangladesh that caused over 1,100 deaths highlight the need for companies to work with their factories and suppliers to ensure adherence to labor and safety standards. Because Express does not disclose its policies and practices, it is difficult to judge the effectiveness of its programs to monitor its factories and ensure working conditions are safe.	Implement policies to monitor labor practices in the supply chain
Ford Motor	Environmental Stewardship: <b>Climate Change</b>	Specific climate change-related issues that affect Ford include vehicle fuel efficiency, greenhouse gas emissions, and water use. Ford has made significant progress improving fleet fuel efficiency and reducing emissions from its production facilities, and it is in the process of developing a water strategy and assessing global water use. In addition, Ford is encouraging its suppliers to address these issues and is collaborating with a subset of suppliers on greenhouse gas emissions reduction projects.	Expand collaborative initiatives with suppliers and others addressing climate change issues; adopt a water strategy that includes water use targets and report on performance
JPMorgan Chase	Environmental Justice: <b>Responsible Lending</b>	CBIS played an instrumental role in JPMorgan Chase's first set of environmental and social guidelines in 2007. We will closely monitor the bank's implementation of its most recent policy update, which includes a prohibition on financing projects that demonstrate involvement in human trafficking. Bankers will be trained on the policy, which can have far-reaching impact on the bank's loans and investments.	Strengthen environment and human rights lending standards for emerging markets
Macy's	Economic Justice: <b>Worker Rights</b>	In 2012, Macy's joined The Cotton Pledge against child labor in Uzbekistan, an important step to help eliminate trafficking. This year, we seek additional information to demonstrate how the factories that produce its clothing are complying. We will also encourage greater disclosure on labor standards. Comprehensive reporting can help companies demonstrate that they have in place effective programs and internal controls for managing environmental and social risks.	Strengthen and audit implementation of labor rights standards for contract suppliers

## 2015 CRI PROGRAM OVERVIEW (CONTINUED)

CORPORATE DIALOGUES			
COMPANY	ISSUE	OVERVIEW	GOAL
Mondelez	Environmental Stewardship: <b>Water Sustainability</b>	Seventy percent of Mondelez's water use is in agriculture. Ensuring that water is used sustainably helps improve the water accessibility in local communities and reduces supply chain risk to the company caused by variable harvests and supply chain disruptions. Mondelez has shared its current approach to managing water resources, including water use reduction goals, but details of its programs are not clear and disclosure of goals and performance can be improved.	Ensure sustainable use of water and manage water scarcity risks, particularly in agriculture supply chains
Nestlé	Economic Justice: <b>Access to Health</b>	Nearly 1 billion people suffer from hunger every day. Companies in the food industry are uniquely positioned to help. Nestlé already has taken several positive steps., including developing fortified products with added nutrients. We intend to learn more about Nestlé's long term strategic approach using its size, distribution system, and influence.	Promote improved nutrition in developing countries
Newmont Mining	Environmental Stewardship: <b>Environmental Justice</b>	When CBIS visited Newmont Mining's operations in Peru in 2012, we raised concerns about ways to improve relationships with communities that are increasingly protesting mining's destructive impacts. Our dialogue will focus on changes the company is making in Peru and at other sites worldwide to bolster community development projects and to create comprehensive water management programs.	Strengthen human rights and environmental policies for global operations
Nucor	Human Life and Dignity: <b>Human Trafficking</b>	CBIS will continue to engage Nucor regarding forced labor in the production of steel in Brazil, a situation that was uncovered following a media investigation of steel manufacturers and companies that use it in production. While progress is being made, we seek more information on policies, audits and trainings conducted by Nucor and its suppliers to certify that no forced labor was used.	Implement and monitor policies against the use of forced labor by suppliers
Schlumberger	Human Life and Dignity: <b>Human Rights in Conflict Areas</b>	We will engage Schlumberger about its human rights policies and humanitarian programs that support peace and stability in Sudan and South Sudan, an area deeply affected by genocide. While Schlumberger has had robust projects in the past, it has not provided substantive information regarding its efforts more recently to help marginalized populations. We remain in dialogue and will continue to encourage stronger action.	Assess human rights impact of operations in Sudan and South Sudan
Siemens	Human Life and Dignity: <b>Human Rights in Conflict Areas</b>	We intend to discuss reports the company must file to comply with S.E.C. regulations on the presence of conflict minerals (tin, tungsten, tantalum or gold) in its products sourced from mines in the Democratic Republic of the Congo (DRC). Funded by the mineral production in eastern DRC, the ongoing conflict has been linked to extreme violence, labor abuses, environmental degradation, and an emergency humanitarian situation.	Assess human rights impacts of conflict minerals from The Democratic Republic of the Congo
Sprint	Human Dignity: <b>Pornography</b>	Access to pornography via mobile devices has become more widespread. Of particular concern is the ability of minors to view pornography, particularly as more children use smart phones at younger ages. Service providers including Sprint do not make effective content-blocking options available on all devices, which would enable parents to limit what they or their children can view.	Provide content-blocking controls on all mobile devices that provide the option of limiting what content can be accessed and viewed
Target (N)	Human Life and Dignity: <b>Human Trafficking</b>	As the 4th largest retailer in the U.S., Target can have great influence on the industry. It sells frozen seafood through private label brands. While Target has strong labor and human rights policies, it is not evident how it is handling the challenge of slave labor in the seafood sector.	Address human trafficking in the seafood supply chain
Walmart	Economic Justice: <b>Advancement of Women and People of Color</b>	Walmart's performance on diversity issues has improved over the past 10 years but opportunities exist for further advancement. CBIS will continue to engage with Walmart to discuss diversity among its workforce, addressing various categories including job type, location, gender and ethnicity. We will review accomplishments, challenges and new programs under development.	Strengthen programs to advance women and people of color in the workplace

## 2015 CRI PROGRAM OVERVIEW (CONTINUED)

## CORPORATE DIALOGUES

COMPANY	ISSUE	OVERVIEW	GOAL
Walmart	Human Dignity: <b>Violence</b>	Walmart is the largest retailer of firearms in the US. Company policies that control what guns and accessories are sold at Walmart stores are inconsistent and based upon local regulations. Easy access to high-powered guns and to accessories that can make semi-automatic weapons perform like machine guns poses a risk to the public safety and to the company's reputation.	Establish consistent, company-wide policies that control the types of guns and accessories for sale and the sales process
Wyndham Worldwide	Human Life and Dignity: <b>Human Trafficking</b>	We were proud of our role successfully encouraging Wyndham to sign The Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism in 2009. More recently, Wyndham announced it will train all staff at its 7,600 hotels in 70 countries on human trafficking. We will continue to engage with and monitor Wyndham's implementation of this impressive commitment.	Implement policies addressing human trafficking

**Important Information**

*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.*