

NORTHWEST COALITION FOR RESPONSIBLE INVESTMENT

A program of the Intercommunity Peace & Justice Center

Annual
Report
2016



BLUEPRINTS FOR PLANET AND PEOPLE

Learn more about the SDGs

<https://sustainabledevelopment.un.org/?menu=1300>

2015-2016 was both a hopeful and challenging year for faith based shareholders who engage the world's largest corporations to transform corporate policies and practices to create a just and sustainable global community. In June Pope Francis gave us a foundational blueprint for sustainability in *Laudato Si'* where he appealed for "a new dialogue about how we are shaping the future of our planet...a conversation which includes everyone, since the environmental challenge we are undergoing, and its human roots, concern and affect us all."

In September world leaders, buoyed by the progress made on the 2000-2015 Millennium Development Goals which addressed extreme poverty, HIV/AIDS and universal primary education, gathered at the United Nations to adopt an even more ambitious and bold agenda to transform the world. UN Secretary General Ban Ki-moon

invest for a sustainable low-carbon future. The central goal of the **Paris Agreement** on climate change is to limit the global temperature rise this century well below 2 degrees Celsius. On Earth Day 175 world leaders met at the UN to sign the landmark Paris Agreement, one that's seen as a blueprint for saving the planet.

This year Northwest Coalition for Responsible Investment (NWCRI) members embraced Pope Francis' call for dialogue and **brought 18 justice issues to the board rooms of 43 corporations, filed 17 shareholder resolutions and engaged in over 60 dialogues.** Emboldened by the SDGs and the Paris Agreement, we collaborated with our colleagues of the Interfaith Center on Corporate Responsibility (ICCR) in filing resolutions and dialoguing on issues of climate change, human trafficking and modern-day slavery, sustainable agriculture, access to health and



**SUSTAINABLE
DEVELOPMENT**

GOALS

said of the **2030 Sustainable Development Goals (SDGs)**, "[They] are our shared vision of humanity and a social contract between the world's leaders and its people. They are a to-do list for people and planet, and a blueprint for success." Government, civil society and corporations have an important role to play in realizing the SDGs which are designed to end poverty, address inequality and climate change, and leave no one behind.

December in Paris did not disappoint when almost every country on the planet united in a common response to the threat of climate change by pledging to act and

corporate lobbying that resulted in 90 agreements that will benefit people and planet.

At the turn of the century the Earth Charter called on us to make a new start. "As never before in history, common destiny beckons us to seek a new beginning...Let ours be remembered for the awakening of a new reverence for life, the firm resolve to achieve sustainability, the quickening of the struggle for justice and peace, and the joyful celebration of life." In *Laudato Si'*, the SDGs and the Paris Agreement we have blueprints for shaping the future of our planet and its people.



END HUNGER

End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Dow Shareholders Silenced

The DowDuPont shareholder meeting on July 16 was attended by 70 investors and lasted less than 15 minutes. Although the purpose of the special meeting was to approve the merger of the Dow Chemical and DuPont Companies there was no explanation of the merger and its implications.

For 16 years ICCR members have engaged in dialogues



and filed shareholder resolutions with both companies on the social and environmental impacts of genetically engineered seeds and herbicides. After being silenced at the shareholder meeting, ICCR issued a press release in which Margaret Weber representing the Adrian Dominican Sisters voiced shareholders' concerns: "The DowDuPont merger makes the company the largest pesticide and biotechnology company in the US and the world [and] further exacerbates an already consolidated marketplace that limits innovation and could dramatically drive up prices for farmers and consumers."

Weber concluded, "This merger presents significant potential risk to investors and we are well within our rights to voice concerns yet we were completely shut down in our attempts to ask questions. Dow's modus operandi at today's special shareholder meeting... moved a risky merger forward without pause. It does not bode well for transparency regarding future corporate developments."

Future dialogue with DowDuPont will include how the Company intends to ensure SDG 2 which includes: "By 2020 maintain the diversity of seeds."

Access to Nutrition Index: Under Nutrition and Over Nutrition

In a world where one in eight people suffer from chronic hunger and 170 million children are overweight, NWCRI and ICCR shareholders have been asking food and beverage companies to embed nutrition in their business strategies. Key findings of the 2016 Access to Nutrition Index, which ranks 22 companies, shows improvement in the nutritional profiles of products and nutritional labeling. Where we are not seeing progress is in responsible marketing to children and improving the accessibility and affordability of healthy products.

A NWCRI member who holds stock in Alphabet (formerly Google) filed a shareholder resolution asking the Company to assess how it protects children's rights regarding marketing and advertising in YouTubeKids which is an app for children age five and under. The resolution was withdrawn after a dialogue in which Alphabet agreed to share with us the number and age of users of the app and the percentage of parents who set parental controls and turn off the search feature. In addition a future dialogue



will focus on the Company's response to children's rights documents and how Alphabet can acknowledge more publicly the importance of protecting children online.



GOOD HEALTH AND WELL-BEING

Ensure healthy lives and promote well-being for all at all ages

BLUEPRINT FOR GLOBAL HEALTH

Leave No One Behind

At the turn of the century the Millennium Development Goals (MDGs) brought focus and resources to some of the biggest health challenges our world faced, including HIV/AIDS. When faith based shareholders called on pharmaceutical companies and corporations with operations in Africa to respond to the pandemic, less than 700,000 people of the 35 million living with HIV/AIDS were receiving treatment. NWCRI and ICCR members were instrumental in the fastest scale-up of treatment in history—today more than 15 million people living with HIV have access to life-saving drugs. The World Health organization reported that between 2000-2015 life expectancy in Africa increased 9.4 years to 60 years due to child survival, malaria control and access to HIV drugs.¹

The global health agenda of the MDGs has been expanded with the 2030 Sustainable Development Goals, specifically SDG 3 which includes 13 targets covering all major health priorities: maternal and child health, HIV/AIDS, hepatitis, non-communicable diseases, tobacco and universal health coverage, which is key to achieving the health SDG.

Religious shareholders are calling on pharmaceutical companies to play a pivotal role in assuring universal health coverage which includes access to quality health services and affordable, essential medicines and vaccines. Pfizer and GlaxoSmithKline have taken a leadership role in challenging their colleagues to “embrace the full scope of the SDGs, ultimately establish goals and key performance indicators against as many of the SDGs as possible, assess their impact, and report the outcomes externally.”

¹World Health Statistics 2016: Monitoring health for the SDGs, p. 5

Antibiotic Resistance: Public Health Crisis

What does your McDonald’s hamburger have to do with the rise of antibiotic-resistant superbugs? The FDA estimates that 70 percent of antibiotics in the US are used to promote rapid growth in beef, pork and poultry and to prevent illness in animals that live in crowded conditions. Last year McDonald’s took the first step in safeguarding antibiotics for human use by adopting a US policy to source only chickens raised without antibiotics by 2017.

The Company reported that it took this action in response to consumer demand.

Because antibiotic resistance is a global public health crisis, ICCR shareholders are asking food and restaurant companies to adopt a policy to restrict the non-therapeutic use of antibiotics in their meat supply chains. This year shareholders filed a shareholder resolution with McDonald’s asking the Company to expand its policy to include its global supply chain, including chicken, beef and pork, citing consumer demand and the risk to public health and its reputation as other restaurant chains source antibiotic-free meat. The resolution was supported by over one-fifth of McDonald shareholders.



Drug Prices: What Can Be Done?

A Wall Street Journal article, “How Do We Deal with Rising Drug Costs?” (04.11.16) stated: “Spending on prescription drugs is growing. The question is, what can be done about it?” From Congress to consumers and shareholders, people are asking for proof of the value of high-cost new drug treatments, and justification for price inflation of branded drugs already on the market. For the past few years NWCRI and ICCR members have engaged nine pharmaceutical companies on the issue of drug prices. We believe that pharmaceutical companies have a moral and business obligation to be transparent about the rationale and criteria for price increases and their impact on the company’s reputation. Plans are underway to file shareholder resolutions on drug pricing this fall.

“Health is not a consumer good but a universal right, so access to health services cannot be a privilege.

—Pope Francis



CLEAN WATER & SANITATION

Ensure availability and sustainable management of water and sanitation for all

Google “water and agriculture” and you will find multiple references to the fact that globally 70 percent of the freshwater on the planet is used for growing food and raising animals. As responsible investors, NWCRI and ICCR members are engaging a number of food companies on water management issues and the risk they face from water scarcity and water pollution.



Archer Daniels Midland self-describes as a company that transforms “crops into products that serve the vital needs of a growing world...With a global value chain that includes 428 crop procurement locations, 280 ingredient manufacturing facilities... we connect the harvest to the home, making products for food, animal feed, industrial and energy uses.”

Shareholders applaud ADM’s Human Rights Policy and No Deforestation Policy and continue to urge the company to do a supply chain risk assessment of key agriculture inputs and sourcing regions to identify water stressed countries and/or regions and the communities that are impacted. We also ask the Company to participate in the CEO Water Mandate which is mapping how corporate water stewardship practices reinforce SDG 6 and its accompanying targets.



Coca-Cola produces the syrup concentrate which is then sold to bottlers throughout the world who produce, sell, distribute, and merchandise the resulting Coca-Cola product. The Company requires water risk assessments for its operations and supply chain and has developed watershed protection plans in high water risk areas. Coca-Cola requires its bottling suppliers to complete an assessment that evaluates risks to the Company



and surrounding communities, and to develop and implement water protection plans.

Shareholders have been instrumental in convincing Coca-Cola of the importance of community engagement. As a result the Company decided not to move forward on the development of an \$81 million bottling plant in southern India due to resistance from local farmers who cited concerns about strains on local groundwater supplies.



Tyson, the world’s second largest producer of poultry and meat, has a staggering water pollution footprint from manure from factory farms, toxics from its processing plants and runoff from the huge volume of grain needed to feed the livestock in its supply chain. The Company’s policies, contracts, and codes do not address water quality and its disclosure on water quality does not include its supply chain and contract farms.

Contamination of water sources from Tyson operations and contract farms interferes with the UN Human Right to Water and SDG

6 which includes a commitment to improve water quality by reducing pollution.

Shareholders are concerned with the Company’s failure to reduce its water pollution of local waterways, which endangers the environment, workers and public health. A resolution calling on Tyson to adopt and implement a water stewardship policy designed to reduce risks of water contamination was supported by 11.81 percent of investors, which equates to over 50 percent of all publicly owned shares that are not controlled by the Tyson Family. This is a very strong signal that we believe the company cannot ignore.





CLIMATE ACTION

Take urgent action to combat climate change and its impacts

ExxonMobil: Shareholders Not Going Away

Faith based shareholders have been in the forefront of a 25-year campaign to get ExxonMobil to address climate change. Why did we think this year would be different? Our faith traditions are calling for urgent action, the historic Paris Agreement gives us a blueprint for how we can save the planet and Exxon is being investigated for what it knew about climate change before it began publicly casting doubt on climate science.

Led by the Tri-State Coalition for Responsible Investment, shareholders filed a resolution with Exxon asking the Company to acknowledge the imperative to limit global average temperature increases to 2°C, which includes committing the Company to support the goal of limiting warming to less than 2°C. ExxonMobil not only refused to acknowledge the moral imperative to limit global average temperature increases, the Company attempted to prevent its shareholders from voting on the issue, claiming the request was “vague” and that it had already been “substantially implemented.” Shareholders appealed to the Securities and Exchange Commission (SEC) who decided in



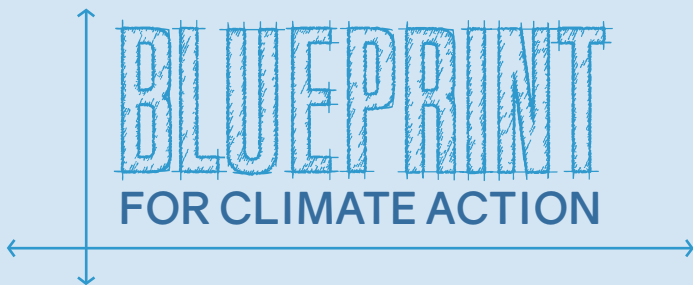
Crosby speaks at Exxon in 1977.

our favor. The resolution was supported by 18.50 percent of Exxon’s shareholders.

NWCRI members also filed a resolution with the Company requesting that at least one member of the board who has climate change expertise be nominated. It was supported by one-fifth of Exxon shareholders. Rev.

Michael Crosby, who has been addressing climate change issues with the Company for decades, expressed why we continue to be active shareowners: “Exxon management has to see the light. More and more is coming down about the reality of climate change, and there is ever more shifting in favor of the science and away from the skeptics. We’re not going away until we are heard.”

“Two things inspire me to awe—the starry heavens above and the moral universe within. —Albert Einstein



In January over 500 global investors gathered at the UN for the 2016 UN Investor Summit on Climate Risk to consider the implications of the Paris Agreement. Key themes that inform the work of NWCRI and ICCR members:

1. Investment in clean energy must be aggressively advanced.
2. Investors must reduce the risks of climate change to their portfolios and must actively engage their portfolio companies.
3. Companies must improve disclosure on climate risk, and be encouraged by regulators to do so.
4. We must establish a price on carbon to send the market signals needed for a low carbon future.

Chevron: Six Years and Counting

It took 140 shareholders over six years, ten dialogues, five resolutions and two Securities Exchange Commission challenges to move Chevron to adopt a human rights policy. We haven’t tallied the numbers yet but we are into year six of filing a resolution with Chevron requesting a report on the impacts on communities and water from the Company’s hydraulic fracturing operations in all its shale plays. Leaks, spills, explosions and community impacts have led to bans and moratoria in the US and globally, putting the industry’s social license to operate at risk. Thirty-one percent of Chevron’s shareholders agreed with our request for more disclosure.





DECENT WORK & ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all

Consumer Power for Zero-Tolerance for Slavery

Take Action

<https://madeinafreeworld.com/>

SDG 8 calls for immediate and effective measures

to eradicate forced labor and end modern slavery and human trafficking. Over 20 years ago NWCRI and ICCR shareholders brought the issue of sweatshop conditions to the boardrooms of apparel companies asking them to ensure that their suppliers were not using forced or child labor and that they followed all laws protecting their employees' wages, benefits, working conditions and freedom of association.

Today shareholders and consumers are working with businesses to build an economy free of human trafficking and slavery. Made in a Free World is a resource for consumers who want to join the growing movement to demand products free of forced labor.

“No Fees” Initiative to Reduce Risk of Trafficking

Labor recruiters are a growing industry in our global economy where workers seek jobs and employers need workers. Unfortunately millions of workers become slaves because of deceptive labor brokers who charge exorbitant recruitment fees, do not provide contracts or change terms of the contracts and charge illegal wage deductions.

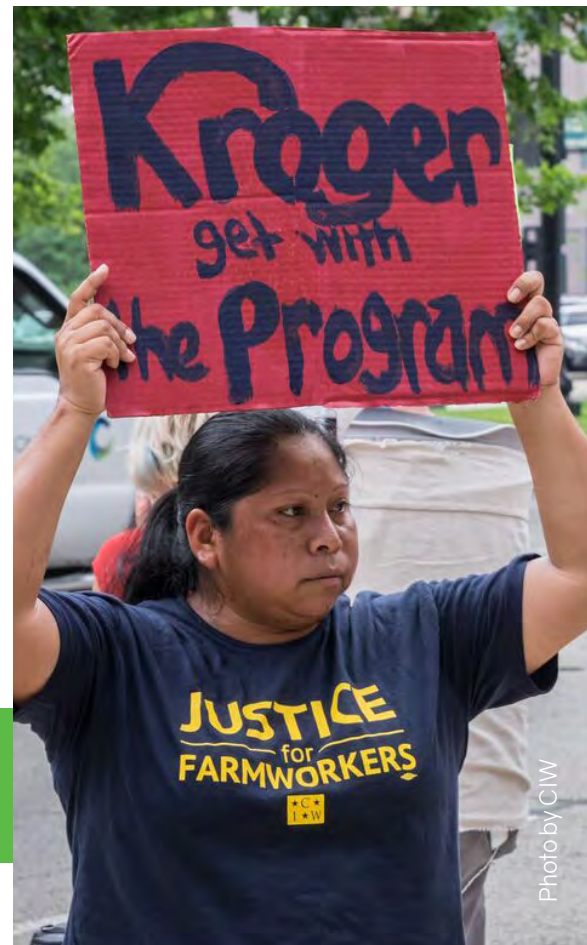
ICCR members are asking companies to adopt “No Fees” policies and management systems to ensure that workers are not placed at risk for human trafficking in the recruitment process. This effort builds upon decades of productive ICCR work to advance human rights and ethical sourcing in global corporate supply chains. Among the companies we engage on this issue are: Archer Daniels Midland, Ford, Hershey and Tyson Foods.

Kroger Supplier Fined \$1.4 Million for Labor Violations

For over six years faith based shareholders have been warning Kroger, a company with over 3600 supermarkets and 37 US food processing plants, that it was at risk for human rights violations, including human trafficking and slavery. Assurances from the Company that its internal supply chain monitoring process was adequate were questioned in May when a Kroger tomato supplier in Florida was fined \$1.4 million by the US Department of Labor for “having willfully disobeyed federal labor laws and exploited vulnerable, low-wage workers.” Kroger was named as one of the companies doing business with the farm in the press release announcing the fine.

This public relations nightmare likely would have been prevented if the Company had listened to the growing number of its shareholders who have been asking the company to adopt a strong human rights policy and conduct impact assessments for its complex and extensive supply chain. In addition to our shareholder resolution, which received the support of a quarter of Kroger's shareholders, a NWCRI member provided the Coalition of Immokalee Workers (CIW) with its proxy so they could attend the shareholder meeting and make a statement calling on Kroger to join the Fair Food Program.

CIW is a worker-led movement which has won agreements with fourteen fast-food companies, food service providers and retailers for more humane farm labor standards and fairer wages for farmworkers in the tomato supply chain.



“Purchasing is always a moral—and not simply economic—act. —Benedict XVI, Caritas in Veritate

NWCRI SHAREHOLDER ACTIVITIES*

2015-2016

Company	Issue	Action
AbbVie	Global Health	Dialogue
Alphabet	Human Rights Risk Assessment	Resolution withdrawn
Anthem	Health Care Reform— Insurance	Dialogue
Anthem	Lobbying Expenditures Disclosure	Resolution— 9%
Altria Group	Health Consequences of Tobacco Products	Resolution— 6.60%
Archer Daniels Midland	Sustainable Agriculture	Dialogue
Bristol-Myers Squibb	Global Health/Drug Pricing	Dialogue
Bunge	Water Sustainability	Dialogue
Campbell Soup	Access to Nutrition/Water Stewardship	Dialogue
Chevron	Hydraulic Fracturing: Risk Management	Resolution— 31%
Coca-Cola	Access to Nutrition/Human Right to Water	Dialogue
Comcast	Lobbying Expenditures Disclosure	Resolution— 16.70%
Corrections Corp of America	Human Rights Due Diligence	Dialogue
Delta Airlines	Human Trafficking Prevention Training	Dialogue
Dow Chemical	Herbicide-Resistant Seeds/Grower Compliance	Dialogue
ExxonMobil	Independent Director— Climate Change	Resolution— 20.90%
ExxonMobil	Moral Imperative to Limit Warming to 2C	Resolution— 18.50%
Ford	GHG Reduction Goals/Ethical Labor Recruitment	Dialogue
Freeport McMoRan	Human Rights Due Diligence	Dialogue
General Electric	Hudson River Cleanup	Resolution Omitted by SEC
General Mills	Sustainable Agriculture	Dialogue
GEO Group	Human Rights Due Diligence	Resolution— 18.01%
Gilead Sciences	Global Health	Dialogue
Hershey	Ethical Labor Recruitment/Water Stewardship	Dialogue
Hormel Foods	Phase Out Routine Use of Antibiotics	Resolution Withdrawn
Hyatt Hotels & Resorts	Human Trafficking Prevention Training	Dialogue
Johnson & Johnson	Global Health/Drug Pricing	Dialogue
Kraft Heinz	Sustainable Agriculture	Dialogue
Kroger	Human Rights Risk Assessment	Resolution— 25%
McDonald's	Access to Nutrition/Ethical Labor Recruitment	Dialogue
McDonald's	Phase Out Routine Use of Antibiotics	Resolution— 22.60%
Merck	Global Health/Drug Pricing	Dialogue
Mondelez	Access to Nutrition/Water Sustainability	Dialogue
Newmont Mining	Free, Prior & Informed Consent	Dialogue
Old Dominion Freight Line	Human Trafficking Prevention Training	Resolution Withdrawn
PepsiCo	Sustainable Agriculture	Dialogue
Pfizer	Global Health/Drug Pricing	Dialogue
Phillips 66	GHG Reduction Goals	Resolution Withdrawn
Rite Aid	Risk from Tobacco Sales in Pharmacy	Dialogue
Sanofi	Global Health/Drug Pricing	Dialogue
Southern Company	Business Plan for 2C Warming Scenario	Resolution— 34%
Time Warner	Eliminate Smoking in Youth-Related Movies	Dialogue
Time Warner	Fostering Healthy Nutrition for Children	Resolution Withdrawn
Tyson Foods	Water Impacts of Business Operations	Resolution— 11.81%
United Health	Health Care Reform— Insurance	Dialogue
Walgreens	Risk from Tobacco Sales in Pharmacy	Dialogue
Walmart	EEO/Domestic Workers Wages & Benefits	Dialogue
Walmart	Ethical Labor Recruitment	Dialogue

*Includes resolutions filed by the Sisters of St. Francis of Philadelphia out of their office

CORPORATE CHANGE

Doing Something is Everything

Daniel Berrigan, priest, peacemaker and prophet shared how he sustained his commitment over decades:

“One cannot level one’s moral lance at every evil in the universe. There are just too many of them. But you can do something, and the difference between doing something and doing nothing is everything.”



Dialogue on Human Rights in Washington DC with GEO Group, a private prison corporation.

► **Bristol-Myers Squibb**, a company NWCRI engages to promote access to medicines for vulnerable populations, licensed its Hepatitis C Virus (HCV) drug to the Medicines Patent Pool. HCV affects up to 150 million people globally, the majority of which live in low- and middle-income countries. The agreement will significantly increase access in 112 of these countries.

► The **Corporate Human Rights Benchmark** is the first-ever ranking of the 500 largest companies on their human rights policies and performance. Underway is the 2016 pilot benchmark which will rank the top 100 companies in three high-risk sectors, agricultural products, apparel, and extractive industries. Shareholders hope that this benchmark will create a “race to the top” on human rights by corporations.

► **Ford**, who has put environmental sustainability at the center of its business model, ended its membership with the controversial lobby group American Legislative Exchange Council in 2016. ALEC promotes policies at the state level that support fossil fuels at the expense of renewable energy and counter environmental regulations. Over 100 corporations have left ALEC since 2011.

► **Truckers Against Trafficking (TAT)**, formed six years ago, educates and mobilizes truckers to address human trafficking as part of their regular jobs. Since 2007 the National Human Trafficking Resource Center has identified over 20,000 victims and more than 1100 reports have been from truckers. Shareholders are partnering with TAT to enlist trucking companies in the effort to end human trafficking.

► The **National Catholic Reporter** told the story of women religious’ decades-long involvement in socially responsible investing. Interviewed for “Sisters Lead the Way in Mission Investing that Influences Corporate Policy and Advances Social Good,” Francis G. Coleman, Executive VP at Christian Brothers Investment Services and an ICCR colleague, said of us, “They are not only the intellect behind it, but they bring the Catholic teaching that is the foundation behind it...They are the reason the movement is where it is today.”

MEMBERS

Adrian Dominican Sisters
Benedictine Sisters
Cottonwood, Idaho
Benedictine Sisters of Mt. Angel
California & Oregon Province Jesuits
Congrégation des Soeurs des Saints, Noms de Jésus et de Marie
Congregation of the Sisters of St. Joseph of Peace
Episcopal Diocese of Olympia, Commission for the Church in the World
Northwest Women Religious Investment Trust
PeaceHealth
Providence Health & Services
Sisters of Providence, Mother Joseph Province
Sisters of St. Francis of Philadelphia
Sisters of St. Mary of Oregon
Sisters of the Holy Names of Jesus & Mary, U.S. Ontario Province
St. Joseph Family Center
Tacoma Dominicans

NWCRI

A program of the Intercommunity Peace & Justice Center, NWCRI is a member of the Interfaith Center on Corporate Responsibility, a national coalition of 300 religious institutional investors working to achieve a social and environmental, as well as a financial return on their investments.

These highlights summarize the work that NWCRI has done in collaboration with ICCR during the past year.

Judy Byron, OP
Director, NWCRI

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