

Northwest Coalition for Responsible Investment

A PROGRAM OF THE INTERCOMMUNITY PEACE & JUSTICE CENTER



Thank God our time is now
when wrong comes up to face us everywhere

When we met with representatives of Merck pharmaceutical company on March 2 in New York a few minutes of our agenda were devoted to COVID-19 and its impact on the Company's operations in China. Merck shared that they were looking closely at their antivirals that might have the potential to address the coronavirus.

Our week of spring Interfaith Center on Corporate Responsibility (ICCR) meetings, dining and public transportation in New York came to a close on March 6 when our scheduled in-person dialogue with Bristol Myers Squibb at their offices hastily became a phone call at the request of the Company.

Back home in Washington State, on March 24 with over 2000 confirmed cases and 100 deaths, the Governor issued a "Stay Home, Stay Healthy" order which included "a ban on all gatherings, and closure of many businesses." Overnight our efforts to press for greater corporate accountability became virtual and the pace accelerated as we were faced with issues impacting essential workers and the health and safety of people in the US and around the world.

As it became evident that we were facing a global pandemic, NWCRI members joined over 335 institutional investors in calling on companies to prioritize workers' paid leave and health and safety, and to maintain employment and supplier relationships. In early April NWCRI and ICCR members sent letters to fourteen pharmaceutical companies urging them to collaborate in developing diagnostics, treatments and vaccines to threat COVID-19.

Spring saw rapidly rising numbers of confirmed cases and deaths from COVID-19 and the economic impacts of stay-at-home orders devastating individuals and communities.

Daily we experienced the breakdown of our economic, health and education systems. Then tragically, on May 25 George Floyd, a 46-year-old black American man, was killed in Minneapolis during an arrest for allegedly using a counterfeit bill. Now we were confronted by the effects of 400 years of systemic racism in our country.

A poem that became my daily prayer and inspired hope in me is, *A Sleep of Prisoners* by Christopher Fry.

Dark and cold we may be, but this
Is no winter now. The frozen misery
Of centuries breaks, cracks, begins to move...
Thank God our time is now when wrong
Comes up to face us everywhere,
Never to leave us till we take
The longest stride of soul we ever took...

In 2021 ICCR will mark 50 years of making the moral case for corporate action on issues of social and environmental justice. We were founded to address apartheid in South Africa. Today our mission is closer to home. In the midst of the COVID-19 pandemic with its racial and economic disparities, the responsible investor community is called to accompany the Black Lives Matter Movement in its quest for racial and economic justice. As faith investors we commit to examine and address systemic racism within ourselves, our institutions and the companies we engage.

A Sleep of Prisoners concludes:

It takes
So many thousand years to wake,
But will you wake for pity's sake!

Healthy & Safe Communities

COVID-19: Commitment to the Public Good

In early April, NWCRI and ICCR investors sent letters to the CEOs of 14 pharmaceutical companies recognizing their essential role in addressing the global pandemic and calling for a collaborative approach in the development of diagnostics, treatments and a vaccine for Covid-19.

Our colleague Lauren Compere of Boston Common Asset Management stated: “It is not hyperbole to say that the eyes of the world are trained on pharmaceutical companies in the hopes of the swift development of tests and a vaccine. We have long engaged these companies...around strategies to increase the access and affordability of life-saving medicines. We know they have the capacity to do this; we also know they will accomplish more and faster if they work together.”

The majority of the companies responded with a report on their initiatives and collaborations. We monitored the situation over the summer and in early August we organized a letter to 17 pharmaceutical companies, endorsed by 59 investors with \$2.5T in assets under management, urging commitment to the public good. Cathy Rowan of Trinity Health laid out our expectation that the companies would behave responsibly, showing “restraint in terms of pricing, tax avoidance, stock option awards, etc., and demonstrate a willingness to share their intellectual property to ensure the necessary scale-up, manufacturing and mass distribution at prices low enough to ensure equitable access.” She concluded: “Anything less would be a glaring betrayal of public trust.”

“Although circumstances surrounding the development of the Salk polio vaccine were different than those today, the fundamental principle remains the same. A human discovery that mitigates the suffering of the entire human community should not be a commodity that is for sale to the highest bidder.”

– CATHOLIC HEALTH ASSOCIATION OF THE USA

IOPA

The Investors for Opioid & Pharmaceutical Accountability (IOPA) is a coalition of 61 faith-based, SRI, public and labor funds, comptrollers, treasurers and asset managers with \$4.27T in assets under management. It was established in 2017 because of the risks of the opioid crisis to society, our economy and long-term shareholder value.

The nation’s opioid epidemic continues along with the COVID-19 pandemic. In August the American Medical Association registered its concern over reports from over 40 states that reported increases in opioid-related deaths, especially from fentanyl.

This year IOPA members filed 34 proposals and achieved settlements on 15, including board opioid risk reports at four companies and five misconduct clawback policies. **Johnson & Johnson** has declined to provide reporting related to its opioid risk exposures despite repeated requests from investors. A majority vote of 61% on the proposal co-filed by NWCRI will result in a report!

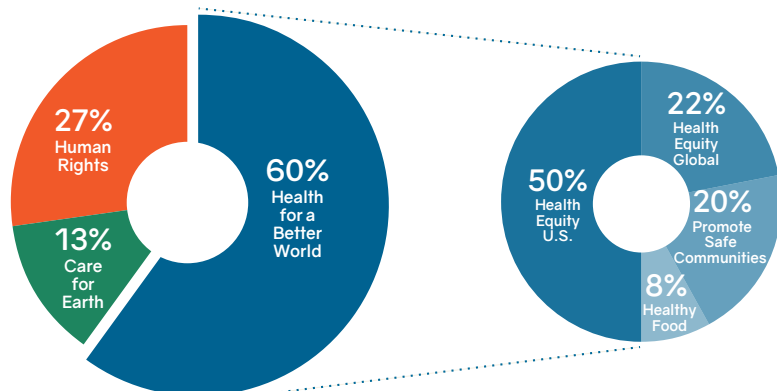
Resolutions requesting the separation of the chair and CEO positions were filed with seven companies and were supported by 28 to 42% of shareholders. NWCRI members filed with **Gilead Sciences, Johnson & Johnson, Bristol Myers Squibb and Pfizer.**

2020 NWCRI Engagements

48 corporations

50+ dialogues with corporate executives

31 shareholder resolutions



Gun Safety

“At the end of the day this is about the kids... This is about the next generation and making a new path forward for them.” —RICK TILSEN, a Oglála Lakǰóta



Shareholders asked Olin, a manufacturer of ammunition and licensee of Winchester brand rifles and shotguns, for a report “on the company’s activities related to gun and ammunition safety measures and the mitigation of harm associated with gun products.” The proposal was withdrawn when the Company published its first ESG report and engaged in dialogue with shareholders on gun safety and remedying the gaps in its reporting.



Following the majority vote on the 2018 resolution with Sturm Ruger requesting a Gun Safety Report, which the Company published, this year proponents filed a resolution requesting a report “with the results of a Human Rights Impact Assessment...examining the actual and potential human rights impacts of Sturm Ruger firearms sold to civilians.” The Company filed a no-action letter with the Securities Exchange Commission (SEC). The resolution was withdrawn when the Sturm Ruger published a Human Rights Policy Statement, which is inadequate but a first step.

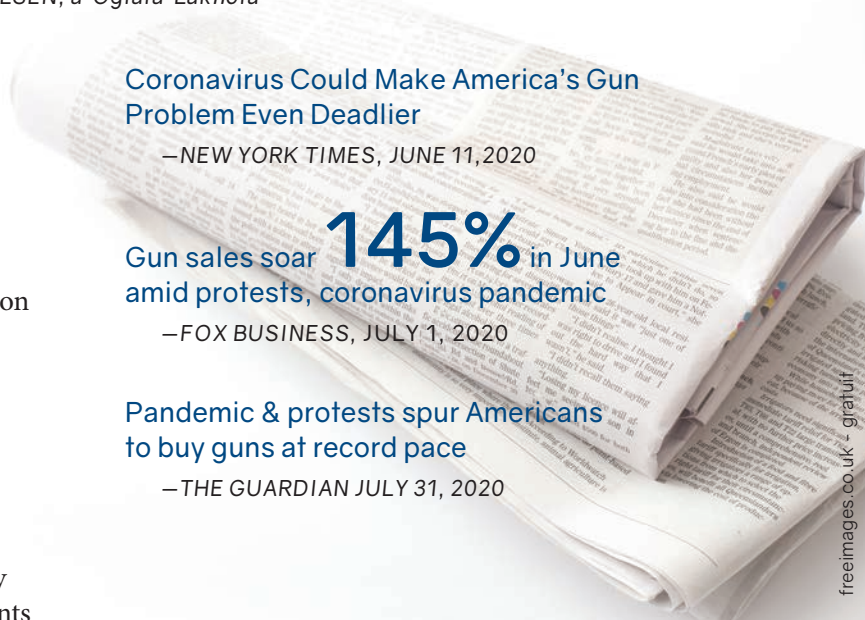


At the annual meeting on September 24, 2019, thirty-six percent of American Outdoor Brands (AOBC) shareholders supported our resolution requesting the Board to adopt a human rights policy with due diligence processes to identify, assess, prevent and mitigate actual and potential adverse human rights impacts. The resolution was refiled in April and will be voted on at the annual meeting on October 13, 2020.

Note: On August 24 AOBC split: Smith & Wesson (firearms); and AOBC (outdoor equipment).



Two weeks after the tragic shooting at a Walmart Supercenter in El Paso where 22 people were killed and 26 were injured, our Gun Safety Committee reached out to the Company with recommendations for responding to the violence. On September 3, Walmart announced that it would stop selling handguns and ammunition for handguns and assault weapons; request that customers no longer openly carry firearms in its stores; support a new debate on an assault rifle ban; and call on Congress to enact stronger background checks.



Coronavirus Could Make America's Gun Problem Even Deadlier

—NEW YORK TIMES, JUNE 11, 2020

Gun sales soar **145%** in June amid protests, coronavirus pandemic

—FOX BUSINESS, JULY 1, 2020

Pandemic & protests spur Americans to buy guns at record pace

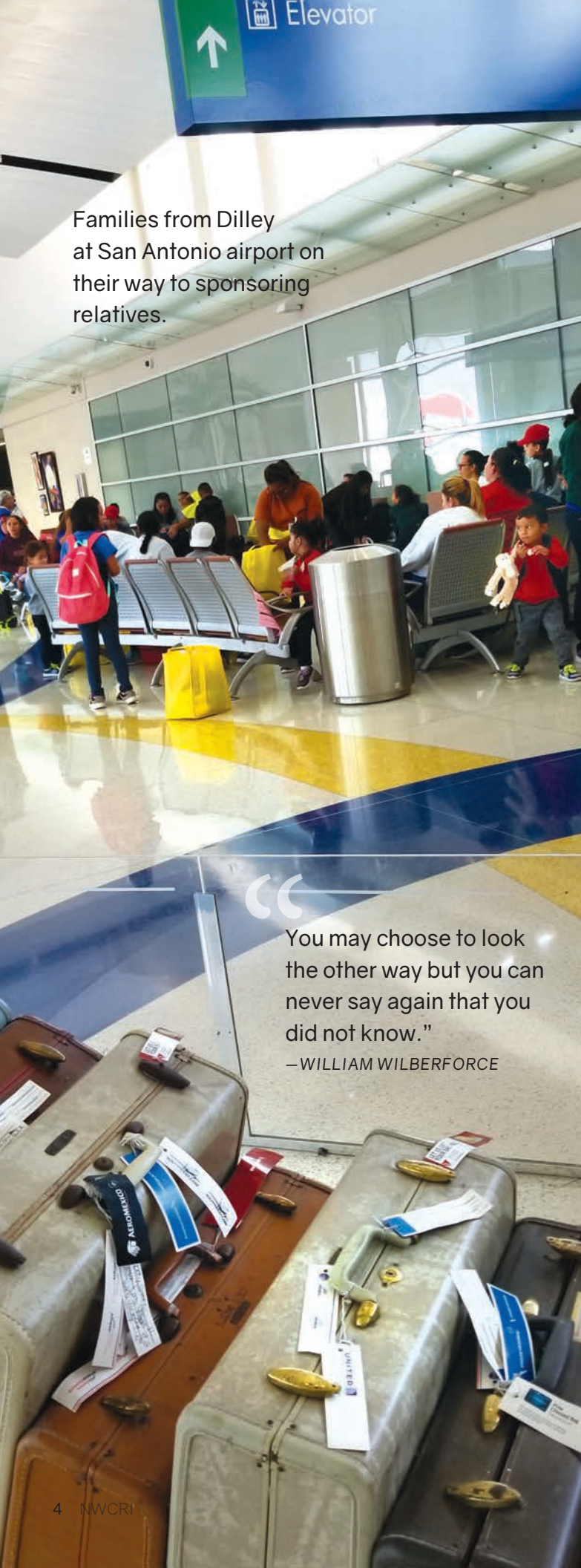
—THE GUARDIAN JULY 31, 2020

“Under all of these social-economic stressors and social isolation, you now have firearms, one of the biggest risk factors for fatal outcomes...I’m deeply concerned about domestic homicide, suicide and a lot of bored kids with time on their hands if those guns are not stored safely.”

— DANIEL WEBSTER, JOHNS HOPKINS CENTER FOR GUN POLICY & RESEARCH



Gun Safety Committee panel with Giffords Law Center, Guns Down America and Sandy and Lonnie Phillips whose daughter Jessie was killed in the Aurora Theatre in 2012.



Families from Dilley at San Antonio airport on their way to sponsoring relatives.

“You may choose to look the other way but you can never say again that you did not know.”
—WILLIAM WILBERFORCE

Human Rights | Di

amazon

Again this year Amazon faced more shareholder proposals than any other company. The 12 resolutions addressed hate speech; surveillance technology; human rights in the supply chain; health and environmental harm in communities of color; food waste; gender/racial pay; independent board chair; and lobbying.

NWCRI co-filed a proposal requesting a report “assessing Amazon’s process for customer due diligence, to determine whether customers’ use of its surveillance and computer vision products or cloud-based services contributes to human rights violations.” The company challenged the resolution at the SEC but we prevailed and the resolution was supported by 32% of the shareholders.


Alphabet Alarmed by the proliferation of child sexual exploitation online (CSEO), investors are calling on tech companies to take aggressive action. Today, one-third of Internet users are children and 800 million kids are on social media. Technology has made it easier for predators to reach our kids. Twenty years ago, there were about 3,000 reports of child sexual abuse imagery and ten years ago there were more than 100,000 reports. In March 2020 cyber tips to the National Center for Missing & Exploited Children more than doubled, from 983,734 to 2,027,520 reports.

The World Health Organization now estimates that 200 million children are sexually abused each year, and that much of that abuse is online or captured and distributed digitally—where children are re-victimized with each viewing.


Alphabet has policies, moderators, and investments in technology designed to reduce CSEO but investors believe that the Company’s current response is inadequate compared to the scope of the problem and the potential risks to children—YouTube alone posts 400 hours of content every minute.

Alphabet shareholders requested “a report assessing the risk of children being sexually exploited across the Company’s platforms and businesses...including whether the Company’s existing policies and practices are sufficient to prevent adverse impacts to children (18 and younger).” The resolution was withdrawn for two dialogues with Alphabet.

Dignity of Persons

 After visiting the South Texas Family Residential Center in Dilley, TX on August 7, 2019, shareholders met with the Chief Ethics and Compliance Officer of CoreCivic to review the 2019 ESG* Report which begins: “At CoreCivic, we recognize the inherent dignity of every human being and the enormous good that flows from a culture of individual respect. We recognize that risk to human rights is inherent in the work we do. Accordingly, respect for human rights is fundamental to our mission and a core component of the ethical framework that governs our operations.”

Dialogues over the years have addressed the implementation of the Human Rights Statement, staff training, and the underlying causes of human rights incidents. CoreCivic has made its Human Rights Risk Assessment public in its ESG Report and it will be the focus of our engagement this year.

 Shareholders have engaged with Tyson Foods for several years on environmental and human rights issues. For the past 3 years we filed proposals asking Tyson to report on how it conducts due diligence to identify, assess, prevent, mitigate, and remedy its human rights impacts. In 2019 the proposal received 14.58% support.

In the Spring, concerned about the number of Tyson facilities that were linked to COVID-19 outbreaks, we wrote urging the Company to follow CDC guidelines to protect worker’s health and safety, including wages, benefits, and testing, and to act responsibly in reporting and handling COVID-19 cases.

By early July the situation was dire as meatpacking workers were risking their lives just by going to work. Letters were sent to major investors in Tyson, and companies that sell Tyson products were encouraged to reach out to the company. Shareholders filed the 2021 proposal in August. It addresses the human rights of workers, the risks to them during the pandemic and calls for worker-driven protective and effective solutions. A supporting statement in the resolution reads: “During the coronavirus pandemic, Tyson has maintained punitive attendance policies (with minor exceptions), inconsistent or insufficient access to testing, workstations ill-equipped for social distancing, high line speeds, and incomplete COVID-19 reporting, which has already resulted in over 10,000 reported positive cases and at least 35 worker deaths.”

* ESG: Environmental, Social, Governance



Economics should be an expression of “care and concern that refuses to sacrifice human dignity to the idols of finance, that does not give rise to violence and inequality and that uses financial resources not to dominate but to serve.”

—POPE FRANCIS, SEPTEMBER 4, 2020



Larry Luxner

Uyghur Muslims protest at Chinese Embassy in Washington, DC

Call to Action: End Forced Labour

Over the past few years shareholders have been concerned that the Chinese government has detained and forced into labor more than a million Uyghur Muslims and other minorities in Xinjiang. Credible reports and media coverage have documented that global brands and retailers are tainted by this forced labor. China is the source of about 40% of all clothing sold in the US and Xinjiang grows 80% of China’s cotton. It is a violation of US law to import garments made with forced labor.

In July NWCRI and ICCR joined the Coalition to End Forced Labour in the Uyghur Region in issuing a Call to Action to brands and retailers “to exit the Uyghur Region at every level of their supply chain, from cotton to finished products, to prevent the use of forced labour of Uyghurs and other groups in other facilities, and to end relationships with suppliers supporting the forced labour system.”

The Call to Action was endorsed by over 280 organizations from 35+ countries.

—enduyghurforcedlabour.org/call-to-action/

Environment Care for Earth



When investors approached Campbell Soup Company in 2010 the Company was new to stakeholder engagement on sustainability. By 2013 Campbell had adopted a Human Right to Water policy which the Company updated this year acknowledging: “Water is a critical natural resource that is essential to life...One in three people globally do not have access to safe drinking water...The food industry uses more than 70% of the world’s fresh water...At Campbell, we rely on water for our production processes...to grow the ingredients we use in our products and water is an ingredient in some of our products.”

While discussing governance updates at our dialogue in June, Company representatives said: “Campbell values its relationship with ICCR. You are experts. We have become strategic on ESG due to you.”

Climate Solutions

On the fifth anniversary of *Laudato Si'* 16 congregations of Dominican Sisters announced the creation of the Climate Impact Solutions Funds to address climate change in vulnerable communities worldwide.



One of the Fund’s first investments was in Africa with d.light, a global leader “in delivering solar-powered solutions designed for the two billion people... without access to reliable energy.”
—www.dlight.com



Every generation leaves behind a legacy. What that legacy will be is determined by the people of that generation. What legacy do you want to leave behind?”

—JOHN LEWIS

CATERPILLAR With an ambitious goal of reaching net zero emissions by 2050, NWCRI and ICCR members are requesting that companies disclose their climate and energy-related lobbying and how it is in alignment with the goals of the Paris Agreement.

NWCRI collaborated with the Shareholder Association for Research & Education in Canada in filing a resolution asking for the full disclosure of Caterpillar’s lobbying activities. The Company spent \$36,380,000 from 2010-2018 on federal lobbying and is a member of trade associations which lobby against climate legislation. Shareholders believe that lack of disclosure and misalignment between Caterpillar’s policy positions and lobbying activities present reputational and long-term value risks. Thirty-four percent of shareowners agreed!

Just Transition

In December 2019, ICCR and the Initiative for Responsible Investment at Harvard Kennedy School convened investors, utility companies, labor unions, issue experts and civil society to discuss engaging the energy utility sector on a Just Transition. As ICCR members engaged with companies to meet the demands of a clean energy economy, we recognized that efforts to stay within 1.5°C must be done within a “Just Transition.” We describe a Just Transition as a “framework that links support for necessary climate action with commitments to labor standards, human rights, and inclusive growth—with a focus on the workers and communities who contribute to and are affected by the transition.” ICCR and NWCRI consider a Just Transition a constitutive component of our climate engagement and investment strategies.









2019-2020 NWCRI Shareholder Activities

COMPANY	ISSUE	ACTION
AbbVie	Executive Compensation & Drug Pricing Risks	Resolution 24%
AbbVie	Global Health	Dialogue
Alphabet	Child Sexual Exploitation Online	Resolution Agreement
Altria Group*	Discourage Nicotine Use Among Youth	Resolution 37%
Amazon	Facial Recognition Software - Customer Due Diligence	Resolution 32%
American Outdoors Brands	Develop a Human Rights Policy	Resolution
Amgen	Executive Compensation & Drug Pricing Risks	Resolution Agreement
AT&T	Child Sexual Exploitation Online	Dialogue
Biogen	Executive Compensation & Drug Pricing Risks	Resolution Agreement
Bristol-Myers Squibb*	Independent Board Chair	Resolution 45%
Bristol-Myers Squibb	Global Health	Dialogue
Campbell Soup	Health Outcomes Related to Diet/Human Right to Water	Dialogue
Cardinal Health	Establish Deferral Period for Senior Exec Bonuses	Resolution Agreement
Caterpillar	Lobbying Expenditures Disclosure	Resolution 34%
Chevron*	Evaluation of Human Rights Practices	Resolution 17%
Chevron	Plans to Align Operations with Paris Treaty	Resolution Omitted
Coca-Cola	Water Stewardship/Sustainable Agriculture	Dialogue
Comcast*	Lobbying Expenditures Disclosure	Resolution 26%
CoreCivic	Private Prisons/Human Rights Due Diligence	Dialogue
CVS Health	Establish Deferral Period for Senior Exec Bonuses	Resolution Agreement
Disney	Tobacco Depiction Policy in Media	Dialogue
Duke Energy*	Report on Mitigation of Health & Climate Impacts of Coal	Resolution Agreement
Eli Lilly	Executive Compensation & Drug Pricing Risks	Resolution 24%
Eli Lilly	Global Health	Dialogue
ExxonMobil	Plans to Align Operations with Paris Treaty	Resolution Omitted
Facebook	Independent Board Chair	Resolution 20%
Freeport McMoRan	Human Rights	Dialogue
General Mills	Health Outcomes Related to Diet	Dialogue
GEO Group	Private Prisons/Human Rights Due Diligence	Dialogue
Gilead Sciences	Independent Board Chair	Resolution 44%
Gilead Sciences	Global Health	Dialogue
Hershey	Human Rights Due Diligence in Supply Chain	Dialogue
Johnson & Johnson	Board Report on Oversight of Opioids	Resolution 61%
Johnson & Johnson	Independent Board Chair	Resolution 42%
Johnson & Johnson	Global Health	Dialogue
JP Morgan Chase	Project Financing in Arctic & Canadian Oil Sands	Resolution 15%
Kraft Heinz	Human Rights	Dialogue
Kroger	Human Rights Due Diligence in Supply Chain	Dialogue
McDonald's	Health Outcomes Related to Diet	Dialogue
Merck	Global Health	Dialogue
Merck	Senior Executive Incentives - Integrate Drug Pricing Risk	Resolution Agreement
Mylan	Monitor & Manage Risks Related to Opioids	Dialogue
Newmont Mining	Human Rights Supplier Standards	Dialogue
Northrop Grumman*	Human Rights Impact Assessment	Resolution 24%
Olin	Safety in Firearms Industry - Ammunition	Resolution Agreement
PepsiCo	Water/Reduce Pesticide/Pollinator Health	Dialogue
Pfizer	Executive Compensation & Drug Pricing Risks	Resolution Agreement
Pfizer	Global Health	Dialogue
Pfizer	Independent Board Chair	Resolution 34%
Sanofi	Global Health/Drug Pricing	Dialogue
Sturm Ruger	Human Rights Impact Assessment	Resolution Agreement
Tyson Foods	Human Rights Due Diligence	Resolution 15%
Walgreens Boot Alliance	Establish Deferral Period for Senior Exec Bonuses	Resolution Agreement
Walgreens Boot Alliance	Tobacco Sales	Dialogue
Walmart*	Board Oversight - Risks Related to Opioids	Resolution Agreement
Walmart	Wages & Benefits for Employees	Dialogue
Walmart	Human Rights Due Diligence in Supply Chain	Dialogue
Walmart	Gun Safety	Dialogue
Wells Fargo	Business Standards/Vision & Values/Risk Management	Dialogue

*Resolutions filed by the Sisters of St. Francis of Philadelphia

Woke!

BYWORD FOR SOCIAL AWARENESS

-  Mercy Investment Services filed a proposal with **BlackRock**, the world's largest asset manager, urging the firm to improve its proxy voting record on climate change. It was withdrawn when BlackRock wrote to companies and clients describing the climate risk companies and investors face, and that they would be voting against boards with unacceptable climate positions.
-  The **Consumer Goods Forum** has launched a CEO-led Coalition of Action on Food Waste with 14 of the world's largest retailers and manufacturers. The goal is to cut in half global food loss at the retailer and consumer levels. One-third of food produced is never consumed and food waste adds 3.3 billion tons of greenhouse gases into Earth's atmosphere annually.
-  Five years ago, the **Ford Foundation** committed to hire 10 formerly incarcerated business associates every year, and they are among its most dedicated employees.
-  **JPMorgan Chase**, the leading investor in fossil fuels, announced on February 24 that it will not finance oil and gas extraction in the Arctic Refuge. This is a major win for our climate and the Gwich'in people, an Alaska Native tribe who have lived in the region for thousands of years. Development would threaten the existence and human rights of the Gwich'in. NWCRI co-filed a resolution on project financing in the Arctic Refuge and Canadian Oil Sands.
-  Since 2011 **Truckers Against Trafficking** (TAT) has trained almost one million truckers to recognize the signs of human trafficking and to report potential victims. Truckers, the "ears and eyes" of our highways, have made over 2500 calls to the National Human Trafficking Hotline, resulting in about 1300 victims identified. Thanks to shareholders Amazon is partnering with TAT to train associates in its transportation division.
-  **NWCRI joined 100 signatories** in calling for NFL sponsors—**Nike, PepsiCo, FedEx**—to terminate business with the Washington DC franchise if it did not stop using the current racist name and logo. The initiative builds on decades of advocacy from groups, including NWCRI and ICCR.

Members

Adrian Dominican Sisters
Benedictine Sisters
Cottonwood, Idaho
Benedictine Sisters of Mt. Angel
Congrégation des Soeurs des Saints,
Noms de Jésus et de Marie
Congregation of the
Sisters of St. Joseph of Peace
Jesuits West
Northwest Women Religious
Investment Trust
PeaceHealth
Providence St. Joseph Health
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
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



Intercommunity
Peace & Justice Center

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