

**ITEM B.203
FOR INFORMATION**

**MISSION RESPONSIBILITY THROUGH INVESTMENT (MRTI) UPDATE ON NON-FOSSIL
FUEL ENVIRONMENTAL ISSUES**

MRTI Work Plan Area: Environmental Responsibility

Duke Energy- Participated in day-long stakeholders meeting in January 2013 as one of two socially responsible investor groups to review the company's draft sustainability report and provide feedback on proposed future initiatives.

Brown-Forman- Joined Ceres stakeholder team for conference call with company management to review progress on sustainability program, provide advice on upcoming briefing for Board of Directors, suggest themes for public report later this year, and propose new initiatives.

Roper Industries- Negotiated withdrawal of shareholder resolution on sustainability reporting. Company has begun gathering data on environmental responsibility efforts by its subsidiaries, and has published results on its web site. A follow-up dialogue will be scheduled.

CF Industries- A shareholder resolution was submitted requesting a sustainability report with emphasis on the risks to the company from global climate change. The proxy vote was 67.02% in favor, the highest vote on a church-sponsored shareholder proposal in MRTI's history. The shareholder resolution was refiled for 2014. The company produced its first report, and discussed it with MRTI staff. The resolution was withdrawn with the understanding that MRTI would provide additional resources for use in developing the second report. MRTI will maintain communications.

MRTI WORK PLAN AREA: COMMUNITY INVESTMENT, BANKING, AND FINANCIAL ISSUES

Citigroup- Held a dialogue with the Citigroup team overseeing the bank's work on modifying loans, and responsible for disposal of foreclosed property. Reviewed shifts in company's business, and initiatives in multi-family lending.

Bank of America- Held a dialogue with the bank's team working on loan servicing. Reviewed their efforts to improve bank ratings on performance. Held a follow-up meeting in December 2013 to review data we requested in the first meeting.

Wells Fargo and J.P. Morgan Chase- Shared mortgage lending analysis report with each bank, and met with Wells Fargo on January 16, 2014. In addition, a shareholder resolution regarding direct deposit advances (a form of payday lending) at Wells Fargo was co-filed. It was subsequently withdrawn after Wells Fargo announced that it would eliminate the direct deposit payday advance product. MRTI also met with Wells Fargo in October 2014 on its environmental lending program. With J.P. Morgan Chase, MRTI has supported efforts by VOICE, a faith-based community organization in the DC-Baltimore area to engage banks regarding the need to rebuild communities in the aftermath of the mortgage crisis.

MRTI Work Plan Area: Global Corporate Accountability and Human Rights

Caterpillar- Attended 2013 and 2014 annual meetings to present shareholder resolution requesting a review of the company's worldwide code of conduct with amendments where applicable. Both years the resolutions received over 25% of proxy vote. During both meetings, the CEO made it clear that the company would not change any of its policies or practices.

Hewlett-Packard- Led dialogue with company on its human rights policy, with particular attention to China and Israel-Palestine. Attended annual meeting to present the resolution on human rights policy review. The vote was 7.32%, sufficient for inclusion in the 2014 proxy statement. The resolution has been refiled, but HP acted to have its board reaffirm its current policy. As a result, the company successfully challenged the MRTI resolution with the SEC. MRTI did attend the 2014 annual meeting to support a resolution calling for the creation of a Human Rights Committee of the Board of Directors. That resolution only received 4.3%, but it is enough to requalify for 2015.

Microsoft- Held a dialogue in mid-July on company's human rights policy. The shareholder resolution, co-filed with United Church Funds, asking for a human rights policy review was withdrawn following commitment to two additional dialogues in the coming year. The company will be attending the ICCR Annual Meeting in Seattle in June 2014 to discuss human rights policy.

Motorola Solutions- A human rights policy review resolution has been filed with the company. Motorola Solutions has reached out about a possible dialogue. However, in early January, Israeli press reported that Motorola Solutions signed a \$100 million contract to sell and service updated cell phones to the Israeli military for use by troops in the Occupied Territories. Attended the 2014 annual meeting where the resolution received 6.34%.

Time Warner- Evaluating latest sustainability report with assistance from Ceres. The working conditions in factories producing toys and apparel bearing images of cartoon characters is of particular concern.

Coca-Cola- A resolution requesting the creation of a Board committee on human rights was co-filed. This has grown out of the human rights concerns involving employees in various countries such as Colombia. Unfortunately, the SEC ruled that the resolution was too similar to one from the previous year, so it was not included in the proxy statement.

Bangladesh- In the wake of the serious factory fires, gas leaks and a factory building collapse, Joined with other faith-based investors to express concern about the adequacy of health and safety responses being proposed by the companies sourcing clothing and other goods in Bangladesh factories.

Western Sahara: MRTI has written to two companies identified through research as involved in resource extraction in Western Sahara which is occupied by Morocco. The companies are Kosmos Energy and Potash Corporation.

2014 General Assembly: The General Assembly approved MRTI's recommendation to add Caterpillar, HP and Motorola Solutions to the GA Divestment List due to involvement in human rights violations in Israel-Palestine.

MRTI Work Plan Area- Access To Health Care

In response to General Assembly assignment to engage publicly traded health care companies, initial work has involved research and preliminary contact with Humana. MRTI also participates in the Access to Health Care issue group at ICCR. The focus for the coming year will be to encourage the health insurance companies to participate in the insurance exchanges.

MRTI Work Plan Area- For-Profit Prisons

Verified previous research that identifies only two publicly traded prison companies. MRTI's recommendation to the General Assembly that the category of private prison companies be added to the GA Proscription List was approved. General Assembly policy since 2003 has been to call for the abolition of privately-run prisons.

MRTI Work Plan Area- Human Trafficking

After several attempts to engage **Hilton Hotels** on the issue of child sex trafficking, the company finally signed The Code, a set of standards for travel and leisure companies. Hilton initially committed to a pilot training program in two cities: Seattle and Washington, DC. With that completed, Hilton will expand the training to ten additional cities.

MRTI also participated in a dialogue with **United Airlines** on child trafficking. The dialogue followed filing of a shareholder resolution with the airline. The company agreed to adopt a human rights policy including specific references to forced labor, trafficking and trafficking of children for purposes of sexual exploitation. The engagement now is focusing on getting the airline to train its employees on how to implement the policy.

MRTI Work Plan Implementation

MRTI staff is actively involved in several organizations involved in socially responsible investing, such as the Interfaith Center on Corporate Responsibility, and serves on the boards of some of them including Ceres, Investor Network on Climate Risk, the Institute for Global Labor and Human Rights, and Interfaith Worker Justice.