



Walden Asset Management

Advancing sustainable business practices since 1975

Community Church of New York Continues a History of Leadership as a Responsible Investor & Shareholder Advocate

Community Church of New York is committed to have its investments managed in a way that protects the finances of the Congregation while also reflecting the Church's values and beliefs.

To advance these dual goals, in 1992 Community Church of New York chose Walden Asset Management to manage the Church's investments resulting in over two decades of partnership in Responsible Investing and Shareholder Advocacy.

The Congregation's commitment to being a sustainable and responsible investor is demonstrated in several ways.

I. Screening -

First, the Community Church of New York's portfolio is evaluated and screened by Walden so it does not hold stock in industries or companies where there would be a direct conflict with the Congregation's mission or values.

For example, the portfolio does not hold stock in tobacco companies, handgun manufacturers or major military companies. This screening is done by the Walden Environmental, Social and Governance (ESG) and Portfolio Management teams using our research as well as research provided by organizations specializing in ESG research.

Looking forward, a very current, hotly debated issue within the UUA community as well as with other investors is the question of owning stock in fossil fuel companies because of their contribution to climate change. Stimulated by Bill McKibben, the environmental leader and his call for "divestment", some investors have decided to screen out or divest stock in 200 fossil fuel companies.

The UUA nationally has taken a different approach preferring to keep the shares they hold in oil and gas companies and utilizing their voice and leverage as an investor to press fossil fuel companies and other industries to reduce their Greenhouse Gas Emissions and change their public policy posture on climate change.

This is well worth discussing moving forward.

Shareholder Advocacy –

Community Church of New York also continues to express its priorities on social and environmental justice as a “Shareholder Advocate” through signing letters, voting proxies and co-filing resolutions.

In addition, Walden has been instructed by the Church to vote all its proxies on its behalf, which allows your voice to be registered by voting for multiple social and environmental stockholder resolutions.

In 2004, Community Church of New York took another important step by co-filing shareholder resolutions on a variety of issues. In doing so Community Church of New York joined with other concerned investors who are using their leverage as stockholders to stimulate debates with company managements on social issues.

While the UUA and UUSC are both very active shareholder advocates engaging companies and filing resolutions, there are very few local Congregations in any denomination that do so. First Parish in Cambridge MA, also an active shareholder proposal filer.

There are two ways in which Community Church of New York participates in shareholder advocacy.

The first is that the Church investments are combined with those of other clients, and thus when Walden writes a letter, talks to a company or files a resolution, Walden does these engagements “on behalf of its clients.”

The second is that Community Church of New York’s shares are used separately to co-file a shareholder resolution, identifying the Congregation as one of the sponsors of the resolution.

Thus Community Church of New York would be publicly named as one of the co-sponsors appearing in a company proxy statement for a vote by all shareholders.

These resolutions usually prompt a serious dialogue with company management and often result in an “agreement” where the company decides to change a policy or expand its disclosure on the issue in the resolution.

Clearly, this form of advocacy can result in meaningful change.

Examples of Shareholder Initiatives by CCNY

As noted, the Congregation has been involved in direct filing of shareholder resolutions with Walden for a decade. As a result, you have been able to share in the “successes” and challenges involved in urging companies to improve policies and practices.

Looking back over the last five years, here is a sample of the issues where Community Church of New York joined in advocacy companies by co-filing shareholder resolutions.

- Climate Change;
- Corporate political and lobbying spending disclosure;
- Sustainability Reporting by companies;
- Non-discrimination on sexual orientation;
- Corporate Governance Reforms e.g. asking that the roles of CEO and Chair be separate;
- Recycling;
- Diversity / EEO Disclosure

This advocacy has prompted numerous companies to step up and improve their records or disclosure. Conversely, numerous companies still resist the request for change. Some change their positions after several years but others dig in and continue to “Say No.”

These examples help make the point. Community Church of New York was a co-filer of a resolution with DENTSPLY, St. Jude Medical and Stryker all of which agreed after dialogue to expand their Sustainability Reporting to investors detailing information on the environment, diversity, supply chain, etc.

Conversely, C.R. Bard, where CCNY has been a co-filer on the same topic, stubbornly refuses to put such information on its website.

Other companies where Community Church of New York participated have agreed to expand their disclosure of political spending or lobbying disclosure, while yet others are reluctant to disclose the trade associations where they are members and the dues that was spent for lobbying.

Including Congregations like Community Church of New York along with other religious investors, foundations, pension funds, Sustainable Investment Managers, trade unions, etc. as active and visible shareholders help keep companies accountable.

By

Timothy Smith

Senior Vice President, Director of Environmental Social and Governance Shareowner Engagement
Walden Asset Management, Boston, MA 02108

Walden Asset Management has been a leader in integrating environmental, social and governance (ESG) analysis into investment decision-making and shareholder engagement since 1975. Walden offers separately managed accounts tailored to meet client-specific investment guidelines and works to strengthen corporate ESG performances, transparency and accountability