

Report to the UUA General Assembly

Progress on 2020 Business Resolution, Embodying Human Rights in Our Investment Decisions

Susan Frederick-Gray, President

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[The approved resolution from the 2020 General Assembly](#) called on the UUA to present a written report to the General Assembly from 2021 to 2023 to discuss our progress on the Business Resolution.

To review, the Business Resolution called on the UUA to:

1. Case the purchasing of securities by the UUCEF in corporations that are consistently, knowingly, and directly complicit in egregious human rights violations and violations of international law [“Human Rights Violators (HRV)”] and calls on congregations, affiliates, and individuals also to cease purchasing such securities,
2. Continue to divest the UUCEF holdings of directly held securities of HRV companies, if any, reaching full divestment of these companies within three years and calls on congregations, affiliates, and individuals also to divest within this timeframe,
3. Continue to work with its current and prospective pooled-asset managers to incorporate Human Rights Due Diligence into their investment processes,
4. Undertake a comprehensive review of the UUCEF’s SRI Guidelines with regard to human rights concerns, identify significant gaps, if any, and amend the guidelines as necessary, and
5. Formalize mechanisms for communication between its SRI and Investment Committees and UU social justice groups, congregations, and individual UUs concerned about social justice issues regarding development and implementation of the UUCEF’s SRI Guidelines and the impact of UU SRI initiatives; and

In the context of implementing the first two bullet points above, the UUA was asked to maintain sound investment principles and uphold its fiduciary duty. The UUA was allowed to purchase/hold shares in HRV companies when engaging in shareholder advocacy.

In the [progress report offered at the 2021 General Assembly](#), we highlighted our first-year progress in these areas:

- Identification of Human Rights Violators.
- Working with Pooled Asset Managers on their human rights due diligence
- Review of the SRI Guidelines, and
- Formalizing Mechanisms of Communication with UU Social Justice Groups and Other Interested Parties

For this year's progress report, we wanted to start by sharing greater detail on our shareholder engagement efforts on indigenous rights.

Working for the Rights of Indigenous Peoples

We have become an active member of the [Investors & Indigenous Peoples Working Group](#) (IIPWG), a leader in promoting indigenous people's free, prior, and informed consent (FPIC) and in examining the effect of extractive industries on indigenous communities.

We have worked with IIPWG on two major initiatives this year. Most recently, IIPWG authored a comment letter on [proposed rule changes](#) by the Securities and Exchange Commission that would require certain climate-related disclosures from corporations in their registration statements and periodic reports. IIPWG's [comment letter](#) asks the SEC to add explicit references to Indigenous Peoples and the UN Declaration on the Rights of Indigenous Peoples to its proposed rules. The letter also recommends expanding disclosure to include Indigenous rights when addressing disclosures around Scope 1, 2 and 3 emissions (direct emissions, emissions from energy purchased and used, and emissions resulting from corporate products or business activities), resource management, and offsets (whereby a corporation pays another entity to reduce or remove global warming emissions elsewhere to allow it to continue emitting).

Earlier in the year, we joined colleagues in the IIPWG group in submitting our [Investor Statement on Line 3, Oil Sands Projects and FPIC](#) to 10 banks most involved in oil sands projects and Line 3 financing. The UUA was part of the drafting team of this statement, and we are leading the engagement with JPMorgan Chase, one of the four US banks addressed by the statement. The Statement asks financiers of oil sands projects to document if they require the companies they finance to uphold the FPIC of Indigenous Peoples. The statement also calls on banks to certify support for the United Nations Declaration on the Rights of Indigenous Peoples. Overall, the 158 investors who signed onto the statement represent over \$2 trillion in assets under management. This campaign is emblematic of UUCEF's established strategy to amplify our voice by joining in coalition with other like-minded investors.

SRI Guideline Review

Progress on the SRI Guideline has proceeded somewhat slower than anticipated, and we anticipate announcing a timeline by the Fall of 2022. The committees have prioritized work on our Investment Policy Statement (IPS), a comprehensive document that references UU values, speaks to the integration of values with our investments, and articulates portfolio goals and strategies. The updated SRI Guidelines will live within the IPS, along with our [Community](#)

[Investment Policy](#) and other documents and beliefs that support our work in managing the endowment.

Another key focus for our committees has been finalizing the formal integration of the UUA's Investment and Socially Responsible Investing Committees. At its June 13, 2022 meeting, the UUA Board approved a [proposal](#) to merge the two committees under the name "Investment Committee". The combination of the committees further centers the UUA's commitment to advancing our values on environmental, social, and corporate governance issues—including racial justice—through our investments, in all our portfolio decisions. The committee is well positioned to undertake updates to the SRI Guidelines that are informed by and reflect our integrated structure and the established commitments of the UUA.

Volvo Divestment

In last year's progress report, we noted that Volvo AB was one of the equities owned by UUCEF that the Sustainalytics' Human Rights Radar identified as taking actions that create a high impact on human rights along with a weak company response. The Human Rights Radar named Volvo's sales of vehicles and equipment in the Occupied Palestinian Territory as contributing to the expansion of human rights violations in the territory. Because Volvo is a Swedish firm, we couldn't easily pursue shareholder activism with the firm. As such, the committee agreed to divest from Volvo AB, a transaction that was effective as of December 31, 2021.

Volvo joins Caterpillar, HP Inc., and Motorola Solutions as firms where UUCEF has custom exclusions in place based on the firms' human rights records.