

**UUA Committee on Socially Responsible Investing
Update to the UUA Board
December, 2006**

The Unitarian Universalist Association's Committee on Socially Responsible Investing has had a productive autumn and early winter. While this paper is unable to constitute a joint report with the Investment Committee, it does offer a CSRI update, organized as reports from the three Working Groups and one Task Force.

Education and Outreach

Most exciting has been the successful teleconference seminar series of 5 1-hour sessions on Saturdays through October and November. Each call received between 12 and 20 attendees who viewed Power Points available to them on the web while listening to CSRI members' presentations. Questions were taken by time zone, and indicated that this approach successfully bridges the gap between first-time SRI inquiries and sophisticated investment issues. We are especially gratified to see this method taken up by the UUA marketing initiative.

Plans for General Assembly are underway, with an emphasis on micro credit. Our connection to the winner of the Nobel Peace Prize, Muhammad Yunus, and to the worldwide micro credit movement bespeaks our commitment to a social analysis which links peace and ethical economics.

Advise UUA

We were very pleased with the conversation at the November Investment Committee, attended in person by CSRI member Stephanie Leighton. Using the analysis contracted by the Investment Committee from Progressive Asset Management which recommended divestment up to Level Seven on a scale of (-1) to 10 (with negative one being the most egregious companies according to the UUA guidelines), the Investment Committee agreed to divest of companies rated 4 and under. It is our understanding that the Investment Committee has already divested of companies rated 0 and below as of July 1, 2006.

In answer to questions raised at that meeting concerning the judgment calls which CSRI is mandated to make, it was agreed to meet jointly in February, at which time CSRI will begin to describe its expertise with a presentation by Jim Gunning on the UUA proxy guidelines.

The UUA has received questions from investors in the GIF regarding GIF investments in companies in the Sudan. Current UUA social screens do not state that we'd absolutely divest from Sudan but do say to avoid companies that participate in areas that have human rights abuses.

CSRI will propose to the UUA and Investment Committee that it should adopt an absolute screen against those companies (except those perhaps that sell necessary food/water, medical products etc.) in the Sudan due to the genocide/severe human rights abuses in that country. There was one

Action of Immediate Witness resolution on Sudan specifically and the UUSC is working proactively to solve the problems there.

The UUA uses co-mingled funds for their international investing. If the UUA decides to adopt a Sudan screen we'd need to find out if these funds owns any companies in the Sudan and consider appropriate action.

Divestment would affect only a very small amount of the investable universe. The UUA owns at least 2 companies in Sudan in the GIF: Total -- owned by AllianceBernstein -- and Schumberger, which is owned by Sands Capital. We are currently researching to uncover any other GIF companies in Sudan.

Community Investment

The Community Investing Work Group held its second teleconference training on October 14th with at least 13 churches participating to learn how to get involved in community investing and how to take advantage of the UUA's matching program. In late October the chair of the CI Working group represented the overall CSRI committee at the annual SRI in the Rockies conference held in Colorado Springs. There she met with SRI leaders including the Director of Shared Interest, the South African loan guarantee fund in which the UUA has invested, representatives from the Johannesburg Stock Exchange, and other SRI industry leaders brought together to share best practices and ideas on expanding the impact of the socially responsible investing movement.

The UUA Board has approved CSRI and Investment Committee joint request to "invest approximately 1% of the total assets of the General Investment Fund in Community Investments". In November the CI Working Group met with Tim Brennen and Kathryn Dion from the Investment Committee to review the Community Investing Policy for the General Investment Fund. While policy states that Community Investing is the joint responsibility of the Treasurer and CSRI, Investment Committee participation is a welcome voice. We look forward to further collaboration with the Investment Committee in February.

SRI Effect on Performance Task Force

It is often opined that an untold sum of money would have been lost by the UUA if it had been involved in socially responsible screening over the last several years. Since the UUSC has been screening its investments for over 10 years and doing quite well, it was thought that actual calculations may yield more accurate information. As a recent article in *Investment Advisor* magazine put it do investors "have to pay a 'Conscience penalty' for using their capital to make the world a better place?"

This task force is attempting to create an analysis which puts numbers (and caveats) to the continued speculation about UUA losses or gains under SRI management, or at least frame the conversation with more facts. A report is expected in the spring.