

**THE AMERICAN BAPTIST HOME MISSION SOCIETY (ABHMS)**  
**WOMAN'S AMERICAN BAPTIST HOME MISSION SOCIETY**  
(Collectively referred to as the "Society")

Revised Guidelines Relating to Social Criteria for Investments originally adopted by the Board of Directors of the Society on November 1, 1972. Approved amendments: November 15, 2006 and November 16, 2016.

I. Introduction

The Society realizes that its investment decisions represent expressions of its commitment to carry out its mission in this world. This is evidenced by our active ownership and leadership in the field of socially responsible investing. It is also evidenced by the fact that for decades the Society has refused to invest in weapons, tobacco and alcohol stocks.

These Guidelines are being promulgated in order to align our investment decisions with our concerns about:

- long-term sustainability
- social values
- respect for human rights
- social justice
- God's creation and environmental justice

It is also to provide guidance to our managers that, in addition to safety, marketability, and yield factors, the above-mentioned concerns should be given consideration in investing the Society's funds and in exercising its rights as a shareholder.

II. Social Factor Criteria in Investment Decisions

(1) Selection and Retention of Securities

- a) Except as otherwise provided herein, the investment objectives remain as the maximization of investment productivity without distinction between capital appreciation and current income.
- b) In cases where a corporation is already in the portfolio and where an issue raised with that corporation under these Guidelines may result in the filing of a shareholder resolution, the investment manager shall be notified in writing, by the Deputy Director & CFO of ABHMS to transfer to the society a minimal number of shares not less than \$2000 in value, to be held in a special account to prevent the shares from being sold while a filing is underway. The Custodian may be needed to provide letters of verification of ownership of stock and letters of admittance into shareholder meetings.
- c) As a general policy, securities will not be selected or purchased for the purpose of expressing approval or disapproval of a company's activities or for the purpose of enabling the Society to contest a company's activities. However, the Society does retain the right to make such purchases on an occasional basis so as to bear witness to important issues in the life of the nation. The Society also notes its preference for long-term sustainability and value creation, and the finding that

effective management of environmental and sustainability concerns has positive correlation to financial performance, and therefore the Society encourages investee companies to responsibly address climate risk and natural resource availability, and to consider the long-term impact of their actions.

## (2) Voting Rights

When the Society receives proxy material from a company containing proposals of social concern, the Society will vote, or cause its shares to be voted, for any proposal which seeks to reduce or eliminate the social injury caused by a company's activities if a determination has been made in accordance with Article III (a "finding") that the activities which are the subject of the proposal cause social injury and that means suggested in the proposal for reducing or eliminating such social injury are reasonable.

## (3) Other Shareholder Rights

a) When social factors are involved in exercising its rights (other than voting rights) as a shareholder, the Society may take action in exceptional circumstances if a finding has been made that a company's activities may cause serious social injury. Such action may be taken separately or jointly with other institutions and may include (i) introducing and supporting corporate resolutions, (ii) initiating action to elect or defeat directors, (iii) initiating or joining in shareholder litigation, and (iv) making formal or informal presentations to the management of companies.

b) For the purpose of these Guidelines social injury will include:

- i. the pollution of air and water;
- ii. the destruction of the environment;
- iii. the inhumane treatment of animals;
- iv. discrimination in employment, promotion and training practices on the basis of race or sex;
- v. exploitation of workers;
- vi. excessive reliance on militarism and/or substantial revenues from the production of weapons;
- vii. foreign investments which have the effect of contributing to the economic support of governments whose policies seriously inhibit the political and economic rights of any substantial social group;
- viii. the production, distribution or fraudulent lending or marketing practices of goods or services which are harmful to civilians, consumers or minors;
- ix. adverse impact to food security
- x. such other actions or conditions as shall be designated by the General Board of the American Baptist Churches in policy statements or resolutions or by the Board of ABHMS in resolutions (i.e. gun violence)

## (4) Excluded Investments

- a) The fund shall not knowingly be invested in securities of any company that:
- i. derives 10% or more of gross revenues from the production, distribution or sales of products or services that are interpreted to be in the tobacco, gambling or liquor business, or
  - ii. derives 10% or more of gross revenues from the production, distribution or sales of products or services that are interpreted to be pornographic, meet the legal criteria for obscenity or legal definition of “harmful to minors”, or
  - iii. derives 10% of revenues from the production of nuclear, chemical, biological or other weapons systems or firearms

These criteria will be furnished to the investment managers.

- b) If a finding is made by the Finance Committee referred to in Article III that a company whose securities are held by the fund is engaged in any of the businesses specified in subsection (a) above, or whose activities are causing or may cause serious social injury as defined in 3(b) above and that it is unlikely that the exercise of shareholder rights by the Society will succeed in modifying such activities, then the investment managers shall, upon receiving written notice from the Finance Committee referred to in Article III that such a finding has been made, dispose of all securities of such company held by the fund in a reasonably prudent manner.
- c) The fund shall not knowingly be invested in food commodities, including but not limited to, commodity derivatives, indices and exchange-traded funds. The Society believes such speculative investments may lead to volatile food prices, affecting access to food for the world’s most disadvantaged. We stand firm in our desire to end world hunger, rather than contribute to it. This policy establishes that the Society has no underlying interest in the production of food commodities. Therefore, any investment would be speculative in nature.

Below is a list of commodities indices we will seek to avoid, in addition to outright commodities purchases:

- Astmax Commodity Index (AMCI)
- Commin Commodity Index
- Dow Jones-AIG Commodity Index
- Goldman Sachs Commodity Index (S&P GSCI)
- Thomson Reuters/Jefferies CRB Index
- Rogers International Commodity Index
- NCDEX Commodity Index
- Deutsche Bank Liquid Commodity Index (DBLCI)
- UBS Bloomberg Constant Maturity Commodity Index (CMCI)

These criteria will be furnished to the investment managers and will be reviewed and updated annually.

(5) Exception

If a finding is made by the Finance Committee referred to in Article III that, because of extraordinary circumstances, any action under these Guidelines may impair the capacity of the Society to carry out its mission in this world (for example, by causing adverse action on the part of governmental or other agencies or groups) then any such action will not be taken.

(6) Mission Directed Fund Investing

The Finance Committee may consider opportunities that are aligned with these Guidelines and the objectives of the Society to support important initiatives where access to capital may be limited or impaired. This may include, but is not limited to, community development investments that enable affordable housing and community services; support of minority and women-owned businesses; other economic development not typically funded by traditional investment sources; or investments in sector specific funds, for example, to support climate solutions.

(7) Applicability of Guidelines

These Guidelines shall be inapplicable to funds which are subject to limitations on investments imposed by the donor or by contractual provisions, or by applicable law or regulations. Investment managers shall be given written advice of all such limitations.

III. Procedures

(1) Social Responsibility in Investments Advisory Council of the Finance Committee  
(This section's proposed edits replace SRI sub-committee with the above to provide additional focus on the SRI mission of ABHMS investments.)

- a) The Social Responsibility in Investments Advisory Council of the Finance Committee (the "SRI Advisory Council"), in consultation with the Treasurer/CFO, Director of Investments, and SRI Consultant, shall develop and recommend guidelines for voting proposals contained in the proxy materials of companies in the stock portfolio of the corporation. It will recommend criteria for companies or indices to be excluded from investments for social reasons. It will exercise the rights of the corporation as shareholder to take action where a finding has been made that a company's activities may cause serious social injury as described in the guidelines relating to social criteria for investments.
- b) The SRI Advisory Council may ask individuals, whether or not connected with the Society, to attend its meetings to provide advice and information.
- c) It shall be the duty of the SRI Advisory Council to consider any request for action under the Guidelines and to determine whether the requested action is appropriate in the light of the Guidelines.
- d) Before the SRI Advisory Council recommends to the Finance Committee any action or makes any finding, the council will give careful consideration to the facts

and arguments advanced by all parties and may invite such parties to attend meetings or provide information to the Committee.

- e) All asset classes included in the category of Alternative Investments will require consideration and recommendation by the SRI Advisory Council to the Finance Committee. Some classes in this category may be exempt from full implementation of these guidelines.
- f) The SRI Advisory Council will annually assess performance of Fund managers based on a total rate of return basis and on “SRI criteria” (screens, SRI performance, compliance with Investment Guidelines, process for assessing companies on SRI criteria). Managers may be asked to provide information on SRI criteria to allow the SRI Advisory Council to assess adherence to these Guidelines.

(2) The Finance Committee

- a) If the Finance Committee determines that any action recommended by the SRI Subcommittee or findings of that subcommittee may have an adverse effect on the performance of the Society’s portfolio, the Finance Committee shall obtain the opinion of the Society’s investment advisor about the effect of such action or finding on the overall investment return on the society’s fund.
- b) The Finance Committee shall act on recommendations and findings of the SRI Subcommittee.
- c) The Finance Committee shall review these guidelines every two years and amend as appropriate.

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