William Michael Cunningham
Economist and Impact Investing Researcher

December 2, 2018

Mr. Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

Re: Request for rulemaking on environmental, social, and governance (ESG) disclosure (File No. 4-730) and File No. 265–28.

Dear Mr. Fields,

We understand that SEC staff will host a “discussion regarding disclosures on sustainability and environmental, social, and governance (ESG) topics.”

We provide comments below. Our understanding is borne of significant experience, knowledge which has given the firm in depth comprehension of ESG investing issues. We have expertise that is unmatched in either duration or depth:

Federal Appeals and lower courts have accepted several “Amicus Curiae” or “Friend of the Court” briefs we filed in signal cases concerning financial marketplace structure and fraud cases:

> The U.S. Court of Appeals for the District of Columbia Circuit accepted a "Friend of the Court" brief filed by William Michael Cunningham in Mozilla Corporation vs. the Federal Communications Commission (net neutrality). https://www.prlog.org/12729944-william-michael-cunningham-files-amicus-brief-in-net-neutrality-case-18-cv-1051.html
>
> Amicus Brief in Fiduciary Rule Case (16-cv-1035): https://www.prlog.org/12573252-william-michael-cunningham-files-amicus-brief-in-fiduciary-rule-case-16-cv-1035.html
>
> Amicus Brief in Met Life v FSOC (16-5086): https://www.prlog.org/12570202-william-michael-cunningham-files-amicus-brief-in-met-life-fsoc-16-5086.html
>
> Amicus Brief in Galvin v SEC (15-1150): https://www.prlog.org/12499745-william-michael-cunningham-files-amicus-brief-in-galvin-sec-15-1150.html
>
> Amicus Brief in US vs. S&P (US District Court, Central District CA): https://www.prlog.org/12256590-william-michael-cunningham-files-amicus-brief-in-us-vs-sp-us-district-court-central-district-ca.html
>
> Revised brief in SEC vs. Citigroup (2nd Cir Ct of Ap): https://www.prlog.org/11948760-william-michael-cunningham-files-revised-brief-in-sec-vs-citigroup-2nd-cir-ct-of-ap.html

We also have significant experience in direct ESG investing:

- We developed the first targeted Mortgage-backed Security investment CRA securitization, an MBS pool backed by loans from minority financial institutions. We designed and created the investment in 1992. (See: https://www.creativeinvest.com/wglelca.pdf)
- In 1993, at the First Annual Greenlining Institute Conference on Community Development, we suggested the creation of government backed venture capital funds to take first risk position in the provision of equity capital to small, minority businesses on Georgia Avenue in NW Washington, DC. This morphed into the New Markets Tax Credit program, a real estate focused "community development" program that has fueled gentrification.
- Mr. Cunningham is an unaffiliated member of NARALO, the North American Regional At-Large Organization of ICANN, the Internet Corporation for Assigned Names and Numbers.
- Mr. Cunningham's presentation at the Texas Association of African American Chambers of Commerce resulted in successful crowdfunding legislation for the State of Texas. http://www.dallasweekly.com/business/article_02669560-45ca-11e5-85d2-e7192082a1d2.html
- On February 3, 2015, Mr. Cunningham commented on an effort by Apple Computer to utilize women and minority-owned brokerage firms: http://www.usatoday.com/story/tech/2015/02/03/apple-debt-offering-minority-firms-jesse-jackson-diversity-silicon-valley/22805673/

Mr. Cunningham has published articles on small business issues in the Washington Post (see: https://www.washingtonpost.com/business/capitalbusiness/commentary-crowdfunding-can-provide-new-financing-option-for-minority-firms/2012/06/01/gJQAThq7BV_story.html?utm_term=.0e8c32762d95) and in the American Banker Newspaper (see: https://www.americanbanker.com/opinion/time-to-clean-house-at-wells-fargo and https://www.americanbanker.com/opinion/cryptocurrency-regulation-is-a-job-for-treasury).

We are perhaps the premier firm in understanding and analyzing ESG trends as they impact global economic systems. Our research has focused on "long-term changes that will affect and influence the economy, financial system, society and environment at large." For more information, please see: Global Market Turmoil Graphic and Financial Crisis Calendar Graphic, December, 2008 and November, 2009.

Our comments follow a series of forecasts we have issued:

- On July 3, 1993, Mr. Cunningham wrote to US Securities and Exchange Commissioner (SEC) Mary Schapiro to notify the Commission about a specific investing scam, the "Nigerian letter scam." A timely warning was not issued to the investing public, members of the public were damaged, and the SEC launched retaliatory regulatory actions against Mr. Cunningham.

- In October 1998, in a petition to the United States Court of Appeals for the District of Columbia Circuit in opposition to the Citigroup/Travelers merger, we cited evidence that growing financial market malfeasance greatly exacerbated risks in financial markets, reducing the safety and soundness of large financial institutions. We went on to note that:
    - *"The nature of financial market activities is such that significant dislocations can and do occur quickly, with great force. These dislocations strike across institutional lines. That is, they affect both banks and securities firms. The financial institution regulatory structure*

is not in place to effectively evaluate these risks, however. Given this, the public is at risk."

- On July 25, 2012, the New York Times reported that Sanford I Weill, former chairman and chief executive of defendant Citigroup "called for a wall between a bank's deposit-taking operations and its risky trading businesses. In other words, he would like to resurrect the regulation (Glass-Stegall) that he once fought."

- On June 15, 2000, we testified before the House Financial Services Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises (GSE's) of the US Congress. We suggested that the GSE's (Fannie Mae and Freddie Mac) be subject to a thorough "Social Audit." A Social Audit is an examination of the performance of an enterprise relative to certain social objectives. It also includes a review of ethical practices at the firm. Had they been subject to this audit, certain flaws in their operation which led to their failure, including ethical shortcomings, would have been revealed earlier.

- In 2001, Mr. Cunningham helped create the first wide scale home mortgage loan modification project. See: *Property Flipping Remediation Yields Investment-grade Security* at: http://www.creativeinvest.com/remediation.pdf

- On December 22, 2003, statistical models we created using the Fully Adjusted Return ®Methodology signaled the probability of system-wide economic and market failure. See page 6: http://www.sec.gov/rules/proposed/s71903/wmccir122203.pdf

- On Monday, April 11, 2005, we testified before Judge William H. Pauley III in the U.S. District Court for the Southern District of New York on behalf of investors at a fairness hearing regarding the $1.4 billion-dollar Global Research Analyst Settlement.

- In 2005, we served as an expert witness for homeowners in a case against PMI Group, Credit Suisse First Boston, Moody's, Standard and Poor's, Fairbanks Capital Corporation, Select Portfolio Servicing, US Bank National Association, as Trustee of CSFB ABS Series 2002-HEI, et. al., in the New Jersey Superior Court Law Division - Monmouth County. Our expert witness testimony held corporate parties responsible for facilitating predatory lending practices. Had this single case been successful, we believe the financial crisis of 2008 would not have occurred.

- On December 22, 2005, Mr. Cunningham met with Ms. Elaine M. Hartmann of the Division of Market Regulation at the U.S. Securities and Exchange Commission. At that meeting, he issued a strongly worded warning that system-wide economic and market failure was a growing possibility.

- On June 18, 2009, Mr. Cunningham testified before the House Ways and Means Select Revenue Measures Subcommittee at a joint hearing with the Subcommittee on Domestic Monetary Policy and Technology of the Financial Services Committee: Testimony on the New Markets Tax Credit Program. (See: https://financialservices.house.gov/media/file/hearings/111/printed%20hearings/111-47.pdf)

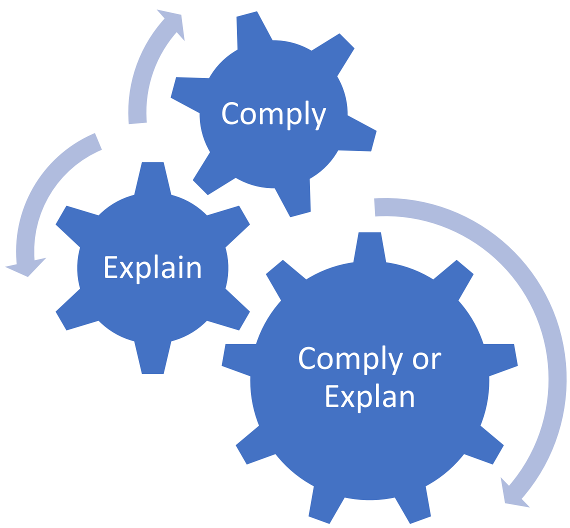
- On August 13, 2015, Mr. Cunningham provided testimony on the Department of Labor's Fiduciary Rule. Online at https://youtu.be/kOGS-DdLYe0

- Our June 11, 2016 forecast predicted the election of Donald J. Trump. See: Why Trump Will Win. https://www.linkedin.com/pulse/why-trump-win-william-michael-cunningham-am-mba/

We incorporate these documents by reference.

CIR ESG Analysis Process

We suggest the SEC require issuers to disclose in their annual reports or ESG reports whether they have complied with ESG disclosure "comply or explain" provisions and if they have not, they must give considered reasons in the ESG reports. We believe this gives a convenient go/no starting point for analysis. Our analysis flowchart might look as follows:



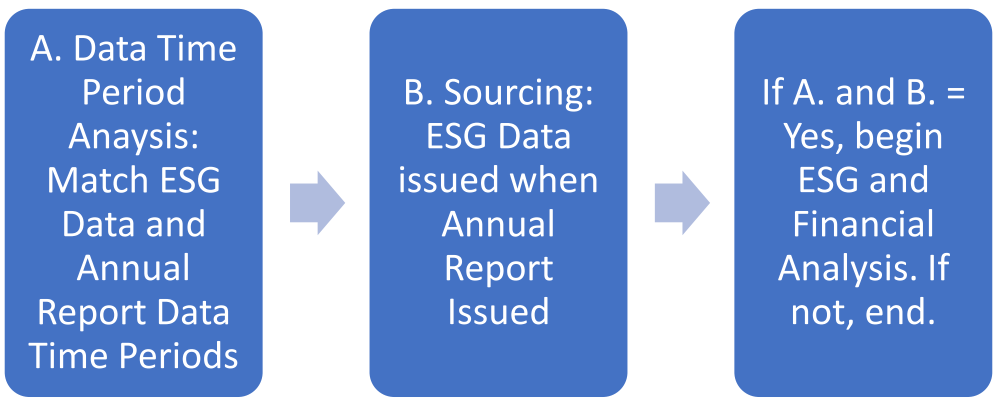
If Comply:

- Move to data review and analysis.

If Explain

- Review and score reasons for non-compliance.

It is important to align financial and social data time periods when conducting ESG analysis. Knowing an entity is sensitive to this matter is one factor in our review. We have shown that sensitivity to this factor has predictive value with respect to the “cleanliness” of the ESG data.



We believe the following revisions should be adopted that will enhance ESG data analysis.

SEC ESG Disclosure Guide

- Sets the stage for ESG analysis

Overall ESG Disclosure Approach

- Helps guide ESG data analysis

ESG Disclosure Reporting Principles

- Should establish ESG data inclusion guidelines

ESG Discussion

- Reveals Management's ESG thinking and ESG data plan

We believe new standards and technologies will be developed to help deliver ESG data to interested parties. As we said in 2006, "We believe management should be given maximum flexibility to use the new delivery medium in the most appropriate manner given the specific circumstances at hand." We believe developments will lead to the creation of new ESG data analysis technologies. See our response to SEC File No. S7-10-05.

As ESG reporting initiatives have matured, more data is available, since there is greater demand for this information. This is entirely appropriate to use whatever leverage and laws exist to support the ESG data reporting and analysis effort. We believe it makes sense to use these additional data reporting requirements efficiently, to enhance ESG Data analysis.

Significant Concern

While we provide additional comments below, we question the legitimacy of this effort. As an Agency headed by someone appointed by a president who may have conspired with foreign interests to win election, some believe any Agency proposals put forward are invalid. We take no position on the matter. Given these unique circumstances, however, we believe further investigation is required, and note that the issue is serious enough to warrant highlighting.

Conclusion

We note our work in creating an investment vehicle that deals with homelessness and another that deals with HIV/AIDS
(see: https://www.onefpa.org/journal/Pages/September-2018%20-%2010-Questions.aspx .

To request SEC approval for these investment vehicles would be a futile gesture, since, based on the facts documented above, we know the SEC does not apply regulatory or enforcement capacities in a competent, fair, racially neutral manner.

The SEC cost the nation $19.2 trillion[1], increased the speed with which China will overtake the U.S. in GDP terms, and set the stage for the eventual replacement of the US dollar as global reserve currency. These events tend not to be in the public interest. This raises grave doubts about the ability of the Agency to effectively manage the ESG disclosure and evaluation process.

We note that racial bias is one indicator of a lack of competence, and the fact that no qualified, competent African American males have ever been employed by the Division (with the exception of one "token") is prima facie proof.

With a renewed focus on ESG issues, we can only hope the Agency will begin the long road to actually protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation. We look forward to reviewing your continuing efforts to carry out your mission. Please contact me with any questions or comments.

Sincerely,

William Michael Cunningham
Impact Investing Adviser

[1] See: https://www.treasury.gov/resource-center/data-chart-center/Documents/20120413_FinancialCrisisResponse.pdf

Additional Comments on ESG

Recent proposals have called on "the Commission to initiate notice and comment rulemaking to develop a comprehensive framework requiring issuers to disclose identified environmental, social, and governance (ESG) aspects of each public-reporting company's operations."

It is clear that the SEC has the statutory authority to require ESG disclosure. Any claim to the contrary is most likely put forward by reactionary and conservative elements who also deny the facts, from climate change to legitimate concerns about human rights violations (e.g. Black Lives Matter), driving ESG adoption.

We have, through research over 30 years, established "the clear materiality of ESG issues."

We stated, on February 5, 2015, in testimony to the Norwegian Ministry of Finance (http://www.creativeinvest.com/NorwayTestimonyFeb52015.pdf) and on April 22, 2015 in testimony to the Government of the United Kingdom:

"As the market value of environmental, social and governance factors continues to grow, companies and investment managers will engage in fraudulent practices related to these factors. These practices will range from simple falsification of environmental, social and governance records to more sophisticated, but no less fraudulent methods related to environmental, social and governance ratings."

On September 22, 2015 automaker Volkswagen admitted that "'defeat devices' used to cheat emissions testing were installed in 11 million vehicles worldwide."

Our research suggests that there is no contradiction between financial goals and *responsible* environmental stewardship. As shown below, disclosure is critical to this process, however.

We explored and quantified the impact environmental factors have on stock prices using several statistical techniques.

Our research is structured into two parts. In the first, we specify three standard market models and test the hypothesis that environmental factors do, in fact, impact equity prices. In the second part, we examine the impact of a major environmental incident on stock prices, using new data sources and with the assistance of the equity market models specified in phase one.

We created three portfolios based on a ranking of environmental impact forecasts and preparations, as outlined below. The first portfolio consisted of firms with an environmental impact forecast who were well prepared for an environmental incident. The second portfolio consisted of firms with an environmental impact forecast who were marginally prepared for an environmental incident. The final portfolio consisted of firms without an environmental impact forecast who were not prepared for an environmental incident.

Our analysis suggests that investors and publicly traded companies must recognize the impact environmental incidents and issues have on a given firm's ability to use company assets and therefore generate revenue and profits.

We have created tools in work with large asset managers to create standardized ESG disclosure. Creative Investment Research was one of the first signatories to the UN Global Principles for Responsible Investment (www.unpri.org), under the Category of Professional Service Provider. In the August 2009 issue of the PRI Monthly Signatory Newsletter, a letter by Mr. Cunningham to the SEC challenging the reliability of a paper titled "Analysis of the Wealth Effects of Shareholder Proposals" was shared with PRI investors. Follow up activities were coordinated by CERES and UKSIF. See: http://www.creativeinvest.com/PRIServices.pdf and http://www.creativeinvest.com/PRINews2009land.jpg

We have tied ESG to the competitive position of the U.S. capital markets. As we noted on Oct. 5, 2006, foreshadowing the rise of cryptocurrencies: "competitive advantage with respect to capital access is available to any country with significant economic potential and a modest telecommunications infrastructure." https://www.sec.gov/comments/4-526/4526-1.pdf

In 2001, we helped create key performance indicators for the financial industry covering social performance. The project was undertaken by a group of financial institutions from Australia, Germany, the Netherlands, South Africa, Switzerland and the UK.
See http://www.creativeinvest.com/SPI_Finance_2002.pdf

Given our experience, we disagree with the contention that " existing rulemaking petitions, investor proposals, and stakeholder engagements on human capital management, climate, tax, human rights, gender pay ratios, and political spending, and highlights how these efforts suggest, in aggregate, that it is time for the SEC to bring coherence to this area" since it is our belief that a coherent set of ESG policies and procedures is currently in use in the marketplace. Specific detail is described below.

Environmental

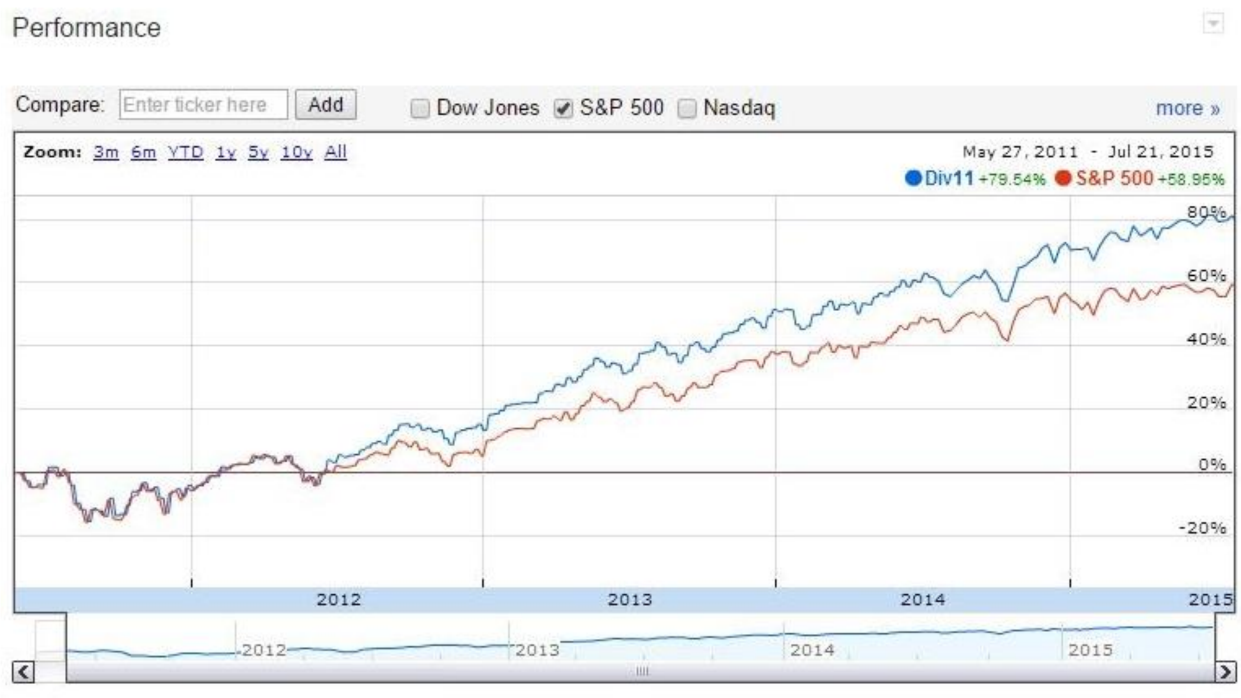
See: How Environmental Issues Impact Stock Returns. Creative Investment Research.
https://www.eventbrite.com/e/how-environmental-issues-impact-stock-returns-tickets-2029288657

Social

We created "Diversity Investing" as an approach to institutional investing. Our 2006 research showed that corporate gender and ethnic diversity is a leading indicator of management's ability to enhance shareholder value. We were selected for the Corporate Governance Consulting Pool and for the Diversity Consultant Pool, pursuant to Request for Proposal No. 2006-4066 and pursuant to Request for Proposal No. 2010-5646 from CalPERS. See: http://www.creativeinvest.com/Calpers2.pdf

See **APPENDIX DIVERSITY** below.

The chart below shows the performance of our Diversity Index Fund relative to the S&P 500 from 5/27/11 to 7/21/15:



(Returns calculated before fees deducted. Past performance is no guarantee of future returns. See our disclaimer page at www.diversityfund.net.)

Governance

From October 1999 to March 2002, Mr. Cunningham was responsible for proxy voting activity for a major pension fund. He voted on 1395 issues impacting 401 companies. He voted on 1903 issues impacting 422 companies. Mr. Cunningham managed pension fund efforts and corporate governance matters related to Talisman Energy and its' operations in the Sudan. He researched the issue, contacting various groups involved in the process. For the pension fund, his efforts also included researching policies and procedures. His collaborative, risk controlled strategy helped lead Talisman out of the Sudan.

See Appendix SR below for examples of shareholder resolutions filed. We note the increase in shareholder value that would have resulted had these resolutions been adopted.

Also see:

- Comments on Proposed Rule: Internet Availability of Proxy Materials [Release Nos. 34-52926; IC-27182; File No. S7-10-05]. Statistical models created by the firm using the Fully Adjusted Return ® Methodology confirmed that system-wide economic and market failure was a growing possibility. (See page 2: http://www.sec.gov/rules/proposed/s71005/wcunningham5867.pdf)

- Comments on the SEC Proxy Process Roundtable. File No. 4-537. May 11, 2007. https://www.sec.gov/comments/4-537/4537-29.htm

- Shareholder Proposals Relating to the Election of Directors. [Release No. 34-56161; File No. S7-17-07] https://www.sec.gov/comments/s7-16-07/s71607-495.pdf

http://www.sec.gov/news/press/4-515/wcunningham7465.pdf
http://www.sec.gov/rules/proposed/s70306/wcunningham6601.pdf

Appendix SR

Copies of shareholder resolution letters

info@creativeinvest.com
www.creativeinvest.com

William Michael Cunningham
Economist and Impact Investing Researcher

Monday, November 12, 2001
Mr. Miles D. White
President
Abbott Laboratories
Abbott Park
North Chicago, IL 60064-3500

Dear Mr. White:

As a faith-based organization, the Board of Pensions of the Evangelical Lutheran Church seeks to reflect its values, principles and mission in its investment decisions. We recognize the critical role that pharmaceutical products play in the treatment of disease and remain concerned that prescription drugs are not available to all those who need them.

The Board of Pensions is the beneficial owner of 149,200 shares of Abbott Laboratories common stock. Through this letter we notify the company of our co-sponsorship of the enclosed resolution. Catholic Healthcare West (CHW), a health care delivery system serving communities in the western United States, is the primary filer of this resolution. We present it for inclusion in the proxy statement for action at the next stockholders meeting in accordance with rule 14-a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. In addition, we request that we be listed as a co-sponsor of this resolution in the company proxy statement.

A letter from the custodian of our portfolio will follow to verify our ownership. We intend to maintain ownership of at least $2,000.00 worth of stock until after the annual meeting. Please note that this is not a substitute filing.

If you, for any reason, desire to oppose the adoption of this proposal at the stockholders' annual meeting, please include in the corporation's proxy material the stockholder resolution and supporting statement as required by the aforementioned Rules and Regulations.

If you have any questions, please call me at 612-752-4268. Thank you.

Sincerely,

William Michael Cunningham
Manager, Social Purpose Investing and Customer Education

cc:

info@creativeinvest.com
www.creativeinvest.com

ACCESS TO PRESCRIPTION DRUGS

Abbott Laboratories

WHEREAS:
We believe that access to needed health care services and products is essential to human development and well being;

Pharmaceutical products play a significant role in maintaining and restoring human health;

Millions of Americans lack access to prescription medicines or pay dearly for them because they are un-insured or under-insured:

- 77 million Americans either have no prescription drug coverage or consider their coverage inadequate, according to a 2000 survey commissioned by a leading provider of pharmacy benefit services (Merck-Medco, page 16 of Merck's 2000 Annual Report);
- More than a quarter of all Medicare beneficiaries (10 million) had no coverage in 1998 (the most recent year for which national data are available); the other three-quarters of all Medicare beneficiaries had some drug coverage for at least part of 1998, but access to these benefits is declining, as is the scope of existing coverage ("Medicare and Prescriptions Drugs," Kaiser Family Foundation, May 2001).

The responsibility to solve the problem of lack of health coverage and lack of access to pharmaceuticals needed for quality and extension of life, is not the sole responsibility of pharmaceutical companies, but such companies are a needed/indispensable part of the solution;

Efforts have begun to address the issue, but have not been sufficient. (For example, our company's patient assistance program reaches only a miniscule number of people when compared to the millions of un-insured and under-insured.) Greater efforts, by all who are part of the solution, are needed;

There are a number of efforts that pharmaceutical companies could undertake to progressively help more un-insured and under-insured people to gain access to their products. Often, such programs not only help individuals, but also enhance the image of a company.

THEREFORE, BE IT RESOLVED: Shareholders request the Board of Directors to report to shareholders by September 2002 on the company's initiatives to create, expand, and implement policies and programs to extend pharmaceutical accessibility, taking into account the costs and benefits, including benefits to society at large, (withholding any competitive information, and at reasonable cost).

SUPPORTING STATEMENT:

The Report could include, but would not be limited to:

- Support of state and federal legislative initiatives that would expand access
- Support of states' efforts to leverage their group buying power

- Discount pharmaceutical programs
- A company's patient assistance program, easily accessed by both patients and health personnel
- The number of people affected by each of the programs.

We urge you to vote FOR this resolution.

William Michael Cunningham
Economist and Impact Investing Researcher

Tuesday, October 23, 2001

Ms. Donna Dabney
Corporate Secretary
ALCOA
6601 West Broad Street
Richmond, VA 23230

Dear Ms. Dabney,

Church representatives, acting on behalf of shareholders, have been meeting with Alcoa executives and workers on a number of concerns for the past six years. Some parts of these meetings have focused on codes or standards which the company uses as criteria or benchmarks for its operations around the globe. The shareholders are willing to continue meeting and discussing a global set of corporate standards for Alcoa.

I am hereby authorized to notify you of our intention to co-file a shareholder resolution. The Benedictine Sisters are the primary filers. This resolution asks the company to review or amend, where applicable, your code or standards for your international operations and report a summary of this review to shareholders by October 2002. The ELCA Board of Pensions joins with the Benedictine Sisters to submit this resolution for inclusion in the proxy statement, in accordance with Rule 14, A-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934.

The ELCA Board of Pensions owns 72,300 shares of stock. A letter from the custodian of our portfolio will follow to verify our ownership. We intend to maintain ownership of at least $2,000.00 worth of stock until after the annual meeting. Please note that this is not a substitute filing.

If you, for any reason, desire to oppose the adoption of this proposal at the stockholders' annual meeting, please include in the corporation's proxy material the stockholder resolution and supporting statement as required by the aforementioned Rules and Regulations.

If you have any questions, please call me at 612-752-4268. Thank you.

Sincerely,

William Michael Cunningham, Manager, Social Purpose Investing and Customer Education, ELCA Board of Pensions
cc:

PROPOSAL FOR A GLOBAL SET OF CORPORATE STANDARDS

Whereas, Alcoa, as a global corporation, faces numerous complex problems as the international context within which our company operates is becoming increasingly diverse.

A published poll on corporate social responsibility found that 60% of U.S. shareholders say that a company's record on its broader social responsibilities influenced their decision to purchase or sell its shares. Respondents ranked "equal and fair treatment of all employees" more highly than "providing quality products at the lowest possible price" as a key expectation of corporate behavior. (Environics International, 2000)

Companies are faced with important concerns arising from diverse cultures and political and economic contexts. These concerns require management to address issues that include human rights, workers' right to organize and bargain collectively, non-discrimination in the workplace and sustainable community development. Alcoa has extensively developed an Environmental, Health and Safety policy. Alcoa needs to develop similar, detailed policies for other important areas, including human rights and worker rights.

We believe global companies need to implement **comprehensive** codes of conduct, such as those found in the "Principles for Global Corporate Responsibility: Bench Marks for Measuring Business Performance," developed by an international group of religious investors. Companies need to formulate policies, programs and practices to address the challenges they face in the global marketplace.

Our company should be in a position to assure shareholders that its employees are treated fairly and paid a sustainable living wage wherever they work in the global economy. One important element of ensuring compliance is the utilization of independent monitors made up of respected local human rights, religious and other non-governmental organizations that know the local culture. A number of global companies are developing credible code enforcement mechanisms that include independent monitoring.

Improving the quality of life for employees and their communities can lead to increased productivity and enhance the bottom line for the company.

RESOLVED, the shareholders request the Board of Directors to review or amend, where applicable, its code or standards for its international operations and report a summary of this review to shareholders by October 2002.

Supporting Statement

We recommend the review include the following areas:

1. A description of policies which are designed to protect human rights – civil, political, social, cultural and economic – consistent with respect for human dignity and international labor rights standards.
2. A report of efforts to ensure that the company does not employ children under the age of fifteen, or younger than the age of completing compulsory education in the country of manufacture where such age is higher than fifteen.
3. A report of company policies ensuring that there is no use of forced labor, whether in the form of prison labor, indentured labor or bonded labor.
4. Establishment of consistent standards for workers' health and safety, practices for handling hazardous wastes and protection of the environment, as well as promoting a fair and dignified quality of life for workers and their communities.

We believe a company needs a comprehensive set of global standards to guide its decisions.

November 19, 2001

Richard M. Kovacevich
President and Chief Executive Officer
Wells Fargo & Company
420 Montgomery Street
San Francisco, CA 94104

Dear Mr. Kovecevich:

The Board of Pensions of the Evangelical Lutheran Church in America is the beneficial owner of ______ shares of Wells Fargo & Company common stock.

The Evangelical Lutheran Church in America has long been concerned not only with the financial return on its investments, but also (along with many other churches and socially concerned investors) with the moral and ethical implications of its investments—including the social responsibility records of the corporations in which it holds stock. We are especially concerned about issues related to predatory lending practices, which we believe to have deleterious effects on individuals and communities.

I am hereby authorized to notify you of our intention to co-file the attached shareholder proposal and supporting statement, which requests that the Board of Directors establish a committee consisting of outside directors of the Corporation to oversee the development and enforcement of policies to ensure that no employee of or broker for the corporation engages in predatory lending practices and that no loan originated or purchased entailed predatory practices; and to report before the next annual meeting to the shareholders on policies and their enforcement, for consideration at the 2002 Annual Meeting. The Domestic and Foreign Missionary Society of the Episcopal Church is the primary filer of this resolution. We present it for inclusion in the proxy statement for action at the next stockholders meeting in accordance with rule 14-a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. In addition, we request that we be listed as a co-sponsor of this resolution in the company proxy statement.

A letter from the custodian of our portfolio will follow to verify our ownership. We intend to maintain ownership of at least $2,000.00 worth of stock until after the annual meeting. Please note that this is not a substitute filing.

If you, for any reason, desire to oppose the adoption of this proposal at the stockholders' annual meeting, please include in the corporation's proxy material the stockholder resolution and supporting statement as required by the aforementioned Rules and Regulations.

If you have any questions, please call me at 612-752-4268. Thank you.

Sincerely,

William Michael Cunningham, Manager, Social Purpose Investing and Customer Education, ELCA Board of Pensions

cc:

RESOLUTION ON PREDATORY LENDING PRACTICES

For WELLS FARGO & COMPANY for the 2002 Annual Meeting

WHEREAS our corporation is one of the largest subprime mortgage lenders with subprime lending totaling an estimated $1.2 billion in 2000;

Public concern has gathered momentum and a number of subprime lenders have been investigated by several federal authorities for alleged predatory lending practices in originating subprime loans.

These predatory practices include:

- Lending to borrowers with inadequate income, who will then default,
- Not reporting on payment performances of borrowers to credit agencies,
- Implying that credit life insurance is necessary to obtain the loan (packing),
- Assessing unnecessarily high fees,
- Refinancing with high additional fees rather than working out a loan that is in arrears (flipping).

Actions that have been taken include:

- The Senate Special Committee on Aging heard testimony in March 1998 alleging predatory lending practices by some subprime lenders. One witness who had worked for an unspecified lender testified that he was pressured daily by his superiors to take advantage of vulnerable borrowers. Another witness spoke of a $75,000 loan at 17.71% interest rate to finance home improvements with $6,500 in points and $3,538 for credit life insurance policy, raising the monthly payments from $235 to an unaffordable $1,156;
- North Carolina passed a law in mid-1999 to prevent a number of predatory lending practices;
- The New York State Banking Department is holding hearings on similar regulations;
- The Federal Trade Commission has implemented an enforcement and consumer education campaign: "Operation Home Inequity." The FTC has settled with seven small subprime lenders as well as with Fleet Finance ($1.3 million settlement). Several other large subprime lenders are under investigation including the former Associates First Capital, one of the largest subprime lenders;
- The Attorney General of North Carolina has also opened a civil investigation of Associates First Capital.

Because we nevertheless believe that subprime lending can be very profitable without being predatory, and does serve a useful and legitimate purpose when done in a manner that discloses costs to consumers and potential risks to shareholders;

BE IT RESOLVED that the shareholders request the Board of Directors to establish a committee consisting of outside directors of the Corporation to oversee the development and enforcement of policies to ensure that no employee of or broker for the corporation engages in predatory lending practices and that no loan originated or purchased entailed predatory practices; and to report before the next annual meeting to the shareholders on policies and their enforcement.

Appendix DIVERSITY

News stories on diversity investing (see: www.diversityfund.net)

First Socially Responsible Investing Portfolio Devoted to Diversity Launched by Bill Baue. SocialFunds.com July 31, 2006. Online at: http://twisri.blogspot.com/2017/02/first-socially-responsible-investing.html

Minority-owned Creative Investment Research conceived of the portfolio to promote corporate diversity while targeting women and minority investors for economic empowerment.

SocialFunds.com -- Socially responsible investing (SRI) has a long history of promoting corporate diversity through positive screens and shareowner advocacy--for example by filing resolutions for more race and gender diversity on the board or a commitment to sexual orientation non-discrimination. However, there has not been an SRI portfolio exclusively focusing on diversity until last week's launch of the Diversity Index Portfolio by Creative Investment Research, a Minneapolis-based minority owned social investment advisory firm. The portfolio consists of between 40 to 60 large-cap US companies with strong diversity performance.

"While other socially responsible funds may consider workforce diversity as one factor among many, the Creative Investment Research Diversity Index Portfolio makes it the top selection criterion," explains Bill Cunningham, CEO of Creative Investment Research and the fund's investment advisor. "Companies in the Portfolio all have a proven track record in four key measures of diversity: human capital, CEO commitment, corporate communications, and supplier diversity. We research hundreds of companies each year, using data from multiple public sources including NAACP, Urban League, Operation PUSH, and others, and rank them on financial and diversity-related performance," Mr. Cunningham told SocialFunds.com.

Mr. Cunningham contends that strong diversity performance can correlate with strong financial performance. For example, back-testing of a model of the Diversity Portfolio resulted in significant outperformance, generating 11.35 percent returns over the one-year period ending July 25, 2006, compared to 5.02 percent for the S&P 500.

Bolstering this contention is the strong performance of the 2006 DiversityInc Top 50 Companies for Diversity Index, which measures the financial performance of this year's lists of the strongest corporate diversity performers as determined by DiversityInc, the field's foremost publication. Over a ten-year period, this index outperformed the S&P 500 by 24.8 percent and the Nasdaq by 28.2 percent.

The portfolio's top five holdings include Harris (ticker: HRS), BellSouth (BLS), Ikon Office Solutions (IKN), AT&T (T), and Embarq (EQ). Other holdings include Bank of America (BAC), Citigroup (C), Coca-Cola (KO), Ford (F), Procter & Gamble (PG), and

Sprint (FON). The portfolio's exclusive focus on diversity (it applies no other SRI criteria) means it may contain companies screened by other SRI funds. For example, the CREF

Social Choice Account, the largest SRI retail fund in the US with $8 billion in assets, recently dumped Coke when it was deleted for environmental, social, and governance reasons from the index upon which it is based, the KLD Broad Market Social Index (BMSI).

"While better than average on the diversity front, these firms are not perfect," admits Mr. Cunningham. "Creative Investment Research monitors the portfolio to maximize social return through advocacy, education, and consultation. I am a Quaker, so I believe in being proactive and collaborative," he adds. "We think selecting these companies based on diversity may allow for advocacy concerning other SRI issues--hopefully, we can make these firms better."

The very structure of the portfolio may help facilitate this engagement. The portfolio is essentially a basket of companies chosen by Creative Investment Research for investment through FOLIOfn, an electronic investing platform.

"One of the great things about Folio is that it allows you to vote proxies, since shareholders are actually holding shares of stock in the individual companies directly, and not through a mutual fund company," says Mr. Cunningham. "We hope to educate shareholders about diversity issues and get them to advocate, too."

With an expense ratio ranging from 0.6 to 0.8 percent, the portfolio specifically seeks to attract women and minority investors, who typically have less investing experience and less money, according to Mr. Cunningham. In this way, it supports the economic empowerment of classes of people who have been historically disenfranchised. This dynamic at the individual investor level coincides with the goal of the portfolio at the corporate level of promoting social justice.

"Almost everyone agrees that equal opportunity is a laudable goal, and it has been codified in many laws in the U.S. Consequently, many people think the best way to achieve equal opportunity is a merit-based system that is completely colorblind," says Mr. Cunningham. "This is certainly the ideal, and one that we hope will be a viable solution in America someday. However, it makes one fatal assumption: that the history of injustice is no longer relevant to today's society," he adds. "Sadly, this is not true. Consequently, a colorblind outlook strikes us as hopelessly out of touch with the reality of life in the United States and the world," Mr. Cunningham concludes. "Fortunately, there are solutions, and we believe The Creative Investment Research Diversity Portfolio can be a positive force for social change."

The Wall Street Journal - FUND TRACK
Pax May Bless Some 'Sin' Stocks
By DIYA GULLAPALLI, September 1, 2006; Page C1

Maybe sin isn't quite as bad as it sounds.

That is what Pax World Funds, one of the biggest of the "socially responsible" mutual-fund families, has decided. In a few weeks, the company will hold a shareholder meeting where it will take action on the most significant change to its investment practices since it was launched about 35 years ago.

Socially responsible investing, or SRI, generally involves avoiding so-called sin stocks -- for instance, breweries, casinos and weapons makers. Pax was one of the first to give this strategy a try, and has maintained its approach since its founding by two Methodist ministers in Portsmouth, N.H.

Now, Pax wants to tone down that objective. Shareholders in August were sent a proxy statement to vote on whether to eliminate a zero-tolerance policy specifically against alcohol and gambling. The change would enable Pax to selectively invest in these industries based on a company's "entire social-responsibility profile."

But in other areas, the fund is trying to add new ways to screen out companies it might disapprove of. Shareholders will also vote on whether fund managers should consider a company's record on environmental issues, for instance.

These shifts illustrate how SRI funds are trying to tweak their strategies amid sagging returns. SRI investors are sometimes willing to exchange a few points of returns for socially conscious stock picking.

But many SRI funds have faltered because they tend to focus on "large growth" stocks, or big companies that offer fast-climbing earnings, an area that has done poorly in recent years. Large-growth funds have returned about 1% in the past year, but large-growth SRI funds have returned just 0.21% for the 12 months through July. Pax World Balanced Fund has returned only 4% in the 12 months through July, trailing more than half its peers.

By contrast, funds like Vice Fund -- which actively seeks out sin stocks -- have handily beaten most SRI funds recently. In the past three years, Vice Fund has posted a 20% average annual return.

A host of other SRI funds are also fiddling with their approaches. In December, Domini Social Investments LLC will abandon its traditional approach of passively tracking an index of socially responsible companies in its Domini Social Equity Fund, and instead will become an actively managed fund, picking its own stocks to invest in. Last year, it launched a new fund, Domini European Social Equity Fund, which was actively managed from the start. In May TIAA-CREF, the teacher's-pension giant, announced the formation of a new social and community investing department, and Ariel Capital Management LLC started Ariel Focus Fund last year.

In recent months, a slew of new SRI funds have cropped up that reflect this changing landscape. Parnassus Workplace Fund started last year to focus on companies that treat employees well, and minority-owned Creative Investment Research in Minneapolis launched the Diversity Index Portfolio this summer that uses employee diversity as a selection criterion.

Even exchange-traded funds, which trade on exchanges like stocks, are getting in on the do-gooder action. Barclays Global Investors has an SRI ETF and filed with regulators in August to launch another, iShares KLD 400 Social Index Fund, which would track a popular SRI index.

For Pax, the move comes after it had to sell a lucrative stake in Starbucks Corp. last year when the company set up a deal to launch a coffee liqueur with whiskey maker Jim Beam. The funds' 375,000 shares were valued at $23.4 million at the time, and had to be relinquished even though some SRI researchers estimate liquor-related sales contributed less than 1% to Starbucks's revenue. Similarly, Pax sold its stake in Yahoo Inc. last year after discovering that company had business ties to Internet gambling.

"I thought these were absurd results," says Joe Keefe, Pax's chief executive, who took that job last year. Mr. Keefe says he voiced this opinion during his interview for the job, and has been reading competitors' prospectuses to decide the best way to change the wording of Pax's own mandate.

SRI experts think dropping the ban on alcohol and gambling makes sense for Pax, because it will still try to avoid companies that derive substantial revenue from these areas. The company saw its biggest inflows in its history last year, roughly doubling its assets to more than $2 billion across its funds, and it is continuing to expand.

On Tuesday, Citizens Funds, another SRI fund company in Portsmouth, disclosed in a filing that it has signed a nonbinding letter of intent for Pax to buy its funds, which have about $800 million in assets. Terms weren't disclosed.

"I think it makes sense what they're doing," says Bill Rocco, an analyst who helps cover SRI funds for Morningstar Inc., the fund-research company. Some of his family members own Pax World Balanced Fund, he says, but "I also drink beer in moderation."

Jay Falk, president of SRI World Group Inc., a research company, agrees. "A screen on alcohol is a bit puritanical," he says.

The Pax funds are also taking steps to focus more on the corporate governance of the companies they invest in, such as whether the board of a company is sufficiently independent from management.

Separately, the Securities and Exchange Commission has been inquiring into issues related to the financial reporting at Pax's high-yield funds for more than a year. The SEC is also looking at potential conflicts of interest, given that the family of Pax's chairman owns Pax World Management Corp. and part of Pax's distribution company. Mr. Keefe declined to comment about the SEC inquiry.

Other SRI funds say they won't change their own sin-stock mandates just yet, with each varying slightly in guidelines like numerical cutoffs. Domini generally doesn't invest in companies that derive more than 1% of sales from alcohol production or more than 15% from alcohol retailing. Sometimes it can be even stricter than that. Domini decided not to buy toy maker Hasbro Inc. a few years ago despite the fact it made less than 1% of its money from licensing its Monopoly brand name to casino slot machines. Domini concluded it was inappropriate to use a children's game for gambling purposes.

For now, alcohol and gambling is "a place where Domini is not going to change," says Jeffrey MacDonagh, an SRI portfolio manager at Domini.

Ariel Capital Management, another large SRI fund company, doesn't screen for alcohol or gambling but does avoid tobacco and weapons companies. Unlike Domini, this has allowed the Ariel Fund to hold Hasbro among its 40 or so stock positions. Another SRI fund group, the Calvert Funds, won't invest in companies that derive more than 20% of revenue from selling or distributing alcohol, or 10% from weapons sales.

Still, such funds have changed other screens in recent years. Ariel added a screen against handguns in 2003, and Calvert added one about preserving the rights of indigenous people in 1999. Others have added more contemporary factors like nondiscrimination based on sexual orientation.

How Will SRI Screens Evolve?
Article published on Aug 18, 2006
By Lisa Lacy

There's a new fund in the socially responsible universe that is homing in on diversity as its No. 1 selection criterion. While the extremely focused strategy and its future effectiveness are being met with mixed reviews, its very existence may speak to screens in the future.

The fund, the Diversity Index Portfolio from Creative Investment Research, intends to promote diversity and target women and minority investors.

There aren't many socially responsible funds that use a similarly narrow focus, observers say, but the Diversity Index Portfolio isn't entirely alone. The Women's Equity Fund, which launched in 1993, invests in companies that "advance the social and economic status of women in the workplace."

"The reason we started in the first place was to use the power of shareholders and their right to have a dialogue with the company to break the glass ceiling," says Linda Pei, president of Women's Equity.

The fund screens company stocks to make sure there is an adequate number of women on the board and in senior management. It also screens to make sure women are paid equally and that the employer offers benefits such as child care.

After 13 years, the fund has more than $35 million under management without doing much in the way of advertising.

But Pei had to start from the ground up, using the fund to attract clients one at a time rather than starting out with an existing client base. An overwhelming 90% of the shareholders today are women.

And Pei sees big potential. "If all working women understood why we have this fund and how powerful our message is, the fund could easily be $1 billion or more," she says. "I also know from listening to those who finally find us and invest in the fund. Their passion confirms my belief."

Passion is certainly a core element in socially responsible investing and has been since the beginning. But as the number of SRI funds grows, there is also a greater opportunity to diversify, along with more screens that have entered the mix, says Steve Schueth, president of First Affirmative Financial Network, an RIA that specializes in managing portfolios for socially conscious clients.

He speaks of a "palate" that has changed based upon "things people care about." Those concerns range from events that took place in South Africa in the mid- to late 1980s to environmental concerns in the early 1990s and, most recently, corporate governance.

But not everyone agrees that the screens have seen major changes. For his part, Lipper senior research analyst Jeff Tjornehoj feels screens have largely remained the same over the years.

Anita Green, vice president of social research at the $2.2 billion Pax World Funds, says both diversity and the environment have been important screens for the firm's SRI funds from the very beginning. Interestingly enough, Green says Pax has found advocacy, or trying to invoke change at a company it invests in, more effective than trying to find firms that are socially conscious from the beginning.

But if what Schueth says is true, what happens next?

Bill Cunningham, CEO of Creative Investment Research, expects to see more fully developed screens and funds in the future. "The market sees the need for additional investing styles and screens," he adds.

While not exactly advocating Cunningham's strategy per se, Schueth says part of the reason for growth in the SRI industry is investor demand. And growth is also an important factor in the launching of new funds. Because it is an industry that has reached a certain level of maturity, there are new providers that are trying to carve out their own niche where they can dominate, such as the Women's Equity Fund.

The question is whether there are enough investors for these focused funds. Many, including Schueth, argue that most socially conscious investors care about more than one issue and might not be attracted to a fund that stakes its claim solely on diversity.

However, pointing to Pei, Social Investment Forum president Tim Smith says the very fact that the Women's Equity Fund has existed for so many years using similar criteria bodes well for Cunningham, and that he can have "a profitable fund as well as a fund that's responsive to social issues."

Not everyone is so optimistic. Lipper's Tjornehoj says the Women's Equity Fund "hasn't developed into a name brand."

Furthermore, he says sometimes it's an uphill battle to convince people that a particular brand of socially conscious investing is better than another because they're essentially cannibalizing other socially responsible funds.

Detractors also say most socially responsible funds already use diversity as one of many screens.

Tjornehoj expects the Diversity Index Portfolio to have some trouble attracting assets unless there's initial backing for an expensive marketing campaign or it has been tied in with a sponsorship deal with a progressive group.

The problem is that "diversity is not necessarily an investment strategy — it's a value," Tjornehoj says.

Perhaps these funds are just a bit before their time.

Schueth says, “[The fact that] there are no other funds that take this very focused approach is telling in that maybe the market is not quite ready.”

He mentions a gay and lesbian fund that was eventually absorbed into a fund with a broader set of criteria.

Investors who are attracted to these very specific funds — and socially responsible investors as a whole, for that matter — tend to be very loyal as their investments are tied to beliefs, and so their “money tends to be sticky,” Tjornehoj says.

Smith notes that such funds market to a very specific clientele and have the added bonus of finding companies that are innately good rather than merely weeding out the bad ones.

In the early days, Schueth says, “it was all about avoiding the bad guys. Today it’s far more about finding the best companies because the avoidance stuff is really easy.”

StarTribune.com

Last update: September 24, 2006 – 12:02 AM

Index opens new front in ethical investing -A portfolio of stocks based on a company's diversity was created last month in Minneapolis. No Minnesota firm is in it.

Kara McGuire, Star Tribune

There are investment portfolios that shun tobacco and alcohol companies and portfolios that appeal to different religious groups.

Why not one that makes choices based on a company's diversity practices, thought Bill Cunningham, an investment adviser and CEO of Creative Investment Research Inc. So he created the Diversity Index Portfolio last month from his office in Minneapolis' Uptown.

The portfolio, for which he will make buy, sell and rebalancing decisions only once a year, consists of 40 to 50 stocks, including the likes of Coca-Cola, Wells Fargo, Federated Department Stores, Time Warner, even Ford. Not a single Minnesota company is on the list.

Cunningham, the sole adviser, picks companies based on the number of racially diverse, gay, lesbian, transgendered, female or disabled employees and board members; senior management's commitment to diversity through policies such as domestic partner benefits and whether they communicate those policies to the public, and the volume of business a company does with diverse suppliers.

He also factors in basic financial fundamentals so a company with great diversity practices and awful performance won't make the cut.

Part of the reason for a lack of Minnesota companies in the portfolio is size. The portfolio tracks large-cap companies, defined as those with more than $10 billion in market value. Except for companies in the league of Target and UnitedHealth Group, the majority of Minnesota-based companies are too small.

But the omission also speaks to the need for the state to attract a more diverse population and to reduce the income and education gap between the racial groups that live here today, Cunningham said.

"If there's one company that's likely to be in future portfolios it's probably Target," he said, although to date he feels it has underperformed compared with others in its industry. He omitted UnitedHealth Group largely because of its corporate governance practices. And General Mills, an award-winner for its diversity efforts, lost to Kraft Foods. "[Kraft] just does a better job getting the message [about diversity] out there," he said.

For Minnesota companies to make the grade, Cunningham wants to see more diversity awareness training, mentoring and multicultural marketing.

Investing with heart

The number of socially responsible investment choices almost quadrupled in the past decade, from 55 mutual funds in 1995 to 201 last year, according to the Social Investment Forum's 2005 Trends Report.

Values-guided investment doesn't mean sacrificing return. Cunningham's index would have beaten the Standard & Poor's 500 index of large-company stocks over the one-year period ended Sept. 13, returning 17.63 percent vs. the S&P 500's 9.46 percent. Cunningham believes that companies sensitive to diversity will outperform competitors that are less so, because employees will be less likely to leave and more likely to be innovative in an environment where they feel included.

Cunningham hopes the portfolio will grow to $1 billion in five years and will attract pension plans, 401(k) providers and individual investors. But while the portfolio is ready to accept money, no one has invested, not even Cunningham.

He blames inertia, not a lack of confidence, and plans to transfer money from other assets in the next couple of months. Personally, I prefer investments with a manager who has some skin in the game.

An Ohio-based supermarket company and two Illinois-based pension funds are considering the portfolio, he said.

The hesitation may stem from Cunningham's nonexistent track record managing a stock portfolio. His background is in financial research, consulting and managing mortgage backed securities for pension funds.

Can go it alone, with time

Individuals could substitute the Diversity Index Portfolio for a broader index of large-company stocks such as the S&P 500, although it's heavier on financial, automotive, consumer discretionary and utility stocks and lighter on technology and oil companies. It also wouldn't be too difficult to create a diversity portfolio of one's own using diversity stock lists published by magazines such as Diversity Inc. and Hispanic Business, although you'd have to have a lot of time for analysis and a lot of money lying around to buy shares of 50 stocks.

Unlike investors in mutual funds, investors in Cunningham's portfolio, which he manages online using a service called Foliofn (www.foliofn.com), own shares of stocks directly. The platform costs a fraction of a traditional brokerage, keeping the portfolio's expenses to 0.80 percent of the fund's assets plus a $25 annual account fee.

Direct shareholders can voice their opinions about company practices at shareholder meetings or through proxy voting. Mutual fund investors can vote on fund matters but not on matters of the companies held in the fund.

He thinks a portfolio that allows investors to get more involved and incite change within corporate America will appeal to Minnesotans, who he said have a history of "community sensitivity and social responsibility." Cunningham also hopes the portfolio will do well with women, people of color and others who are likely to have experienced insensitivity and discrimination at work and would want to invest in companies committed to preventing such experiences from happening within their walls.

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