Tension of Money and Faith – Full Transcript

An interview with Jeff Perkins

Jeff Perkins is the Executive Director of Friends Fiduciary. He lives in Philadelphia with his husband and is a member of Chestnut Hill Friends Meeting. Jeff spoke by phone with Western Friend on April 4, 2017. The following text is a lightly edited transcript of that conversation.

Western Friend: So, you're in North Carolina right now, talking with organizations. What types?

Jeff Perkins: Well, as you may know, we work exclusively with Quaker organizations and Quaker-affiliated organizations. This afternoon, we're meeting with the Continuing Care Retirement Community. I met with a monthly meeting yesterday and another one this morning. I also met with Wes Daniels the Director at Friends Center at Guilford. I was talking with Wes about our shareholder advocacy work, what Friends Fiduciary is doing, how that both fits into and impacts the wider Quaker world, if you will.

WF: About how many investors has Friends Fiduciary got at this point?

JP: We have about 365 investors. But we call our investors "constituents" because our relationship with them is closer than a traditional investment manager/client relationship; we share a common faith and common set of values. Also, although we do provide a service, we do it at cost. We do our work at cost to benefit the wider Religious Society of Friends. We provide Friends' organizations a cost-effective, professional, institutional-investment management approach that's rigorously screened for Quaker values – at a cost that is more affordable than they can get elsewhere.

WF: How did the organization get started?

JP: We were founded in 1898, originally to manage funds for and hold title to property for Philadelphia Yearly Meeting. Originally there were two organizations – one Orthodox, one Hicksite – because we had two yearly meetings. Those merged, I believe, in the 1950s. Then about twenty years later, the two financial entities merged as well, to become what is now Friends Fiduciary.

Over that time, we've expanded; we've begun offering services outside the Philadelphia Yearly Meeting footprint. Today, our 365 constituents are found literally all across the country from Honolulu to Florida. We have constituents in Texas, Ohio, Indiana, some in the Northeast, and certainly a large concentration in the Philadelphia, Baltimore, and New York areas.

WF: How much of that history have you been a part of? How did you get engaged in it?

JP: In the grand scheme of things, I'm a relative newcomer. I've been with Friends Fiduciary for about five and half years. Actually, I guess it will be six in June. I have a finance and accounting background. I worked initially in the for-profit sector for some Fortune 500 companies, including what is today called Sara Lee Corporation. I started with them when they were Consolidated Foods back in the 80s. After ten years in the for-profit sector, I decided to make the move to non-profit work. That was driven in part by an increasing sense that I wanted to make more of a difference in the world. I always felt good about the for-profit work that I did. I worked for very good companies that produced good products.

While I was working for Sara Lee, I got involved in protesting at the Nevada Nuclear Test Site and the Yucca Mountain Nuclear Repository, camping in the desert. I remember telling my boss that I was going to Nevada, and I might not be back to work on Monday if I got arrested. He was very supportive; he was a great mentor to me. But eventually, it became clear to me that a lot of my interests were outside of just accounting at a food company. Sara Lee had been very good to me, but it was clear that it was time for me to try something new. Making the jump to the non-profit sector was a big move at the time. It involved a significant pay cut and was a totally different experience. I probably went into it a little naïve, thinking, "Oh, all non-profits have great folks that are doing great work." I found out that non-profits can have the same types of issues that for-profit companies can have.

WF: Right. Where was this, what city?

JP: Originally, with Sara Lee, we had one plant in San Francisco, in the South-of-Market area.

WF: And when you went over to non-profit, you were still in the Bay Area?

JP: Yeah, I worked for a public museum in San Francisco, the Exploratorium.

WF: Great! From a visitor point-of-view, anyway, it's great. I don't know what it is like from the inside.

JP: It is a great institution. The internal politics were a bit difficult at the time when I started there. I was new to the management team at a time when the employees were starting to unionize. I made the decision to leave after a year. It was actually a very difficult time in my life, not just because of that experience at work, but because of other parts of my life as well. . . . I had always wanted to go to Pendle Hill. So, I decided that this was the time. So, I literally packed up my pick-up truck and drove to Pendle Hill without knowing what was going to come next.

WF: Wow. What's your background as a Friend?

JP: I started going to San Francisco Meeting in the mid-80s. I did that after I had been involved in some of the protests at the Nevada Test Site. I kept running into folks like David Hartsough from San Francisco at these protest, and folks from AFSC. These folks stood out to me as being different in the way they approached their resistance. There just seemed to be an integrity and consistency to it. I think in hindsight what I was sensing was . . . these protest actions were coming out of a spiritual center. In my experience, that is fairly rare

within the activist community. I wanted to understand the faith behind it. I have always had a religious bent, so I went to the San Francisco Meeting on Lake Street, and I've been going to Quaker meeting ever since. I first attended Lake Street probably in '86 or so.

WF: Were you raised in a faith tradition?

JP: I was raised Catholic and fell away from that in college. The revelation for me with Quaker meeting was the notion that I could have a direct and immediate, unmediated experience with God. This was very different than my Catholic upbringing.

WF: Indeed. And you stayed back East after you went to Pendle Hill?

JP: I did. I was a resident student for one term. I had originally signed up for two, but I got a clear leading that my time there was over. I've only had a couple of what I would call clear leadings, where I really felt that God was saying, "Okay, do this, this, and this," And it was one of those times.

WF: So, was it more than just, "Leave here"?

JP: It was. I describe it as: "Get a job, get a house, and get a kid." I was a single gay man. And I got a job, bought a house, and over time, met my partner, who is my husband today, we were finally able to marry after 24 years together.

WF: Mazel Tov!

JP: Thank you. A couple of years after we met, we adopted our son, who is now 22.

WF: And how did you end up with Friends Fiduciary?

JP: Because I have a finance background and I belonged to a Quaker meeting, I served as treasurer at one point in my meeting. So I was familiar with Friends' approaches to finances.

WF: So, you had these skills that are not over-represented among Friends.

JP: That's true. After I moved to Philadelphia, I worked in the non-profit sector at a number of different places. I moved in and established my presence in the local community. Through that, I learned of Friends Fiduciary and met the former Executive Director, Connie Brooks. She actually encouraged me to apply when she announced that she was going to be retiring. I knew of the organization, and I had ideas of ways that it could do more and be more within the Religious Society of Friends. When I talked with the search committee of the board, it was clear they were interested in pursuing that. . . . So, I was sitting in a room full of un-programmed Philadelphia Quakers, the search committee, which was four or five people, and I said, "Yes, I want to evangelize the Quaker world to invest their funds consistent to Quaker values." [Laughs.] Particularly, Friends schools and Friends colleges are not doing that, and I personally would like to see that happen. That was kind of my personal mission. It felt like a sense of leading to do this. At the time, I had a position that I

was very happy in; I was very comfortable working in at a well-regarded non-profit institution. I made the move to Friends Fiduciary, in part to give back to my faith community.

WF: Right. So, how would you describe the mission of Friends Fiduciary before you helped it "embrace evangelism"?

JP: I am the only person there who would use the term "evangelize." I think I shocked everybody when I said that. It's not a term you hear very much among un-programmed, liberal Friends.

So, Friends Fiduciary has always been a very good organization. At the same time, like many Quaker organizations, we can sometimes get very limited in what we think is possible. Frankly, if Friends Fiduciary wants to continue supplying services at a particular level to a faith community that is not growing, but is shrinking essentially . . . if we didn't grow the range of organizations we serve, we wouldn't be able to provide services in a cost-effective way. Before I came on, the board went through a strategic planning process and recognized that. They recognized the importance of growing, but were less clear about how it would need to re-position itself to even begin to think about growing. That's one of the things I first worked with the board on, saying, "Yes, I agree with you on where we want to go. But we have some initial work to do before we are going to be able to begin pursuing that growth. . . . "

WF: What kinds of things are, were obstacles to growth?

JP: So, I think some of it was certainly the culture. I am of the opinion that churches and religious organizations can be high performing organizations. What I had seen in my own work life was that my spiritual life, in a lot of ways, actually helped with my business skills or business acumen, because a lot of my work depends on my credibility – if I say something, people need to believe me. Those Quaker values of honesty, integrity, and forthrightness work very well with building credibility in a business setting. And that becomes invaluable in an organization.

You need to have the right staff in place to move an organization forward. When there is a significant change in an organization that always puts stress on an organization. It's just one of the challenges of running any kind of business. And any non-profit organization is really a business.

WF: Right

JP: And that perspective is something that has evolved recently. When I first got into the non-profit sector, no one saw non-profits as businesses. But over the last twenty years, I think non-profits have gotten more corporate folks involved in their boards. . . And it's a double-edged sword, where you can take a corporate mentality too far in a non-profit setting. But today it's generally accepted across the non-profit sector that we are indeed businesses. And we are complex businesses because we have a mission component, which I have always maintained makes non-profits more complex than for-profit entities. With for-

profit entities, it is very simple – you have one motivation – profit. Of course, there are considerations about how you maximize profit, how good is your product or service, but even so, for-profit organizations have a clarity of focus that is more challenging for non-profits to arrive at, because of the mission piece and because non-profits are trying to maximize their mission.

WF: Right, and that might be measured with squishy metrics.

JP: It generally is. And it is also often subject to other outside factors, what's going on in the rest of the world. So, for example, one of our challenges at Friends Fiduciary is that we operate in the financial services sector, which is one of the largest sectors of the market, and it is one that has evolved exponentially. It seems as though everyone now has a 401K or a 403B – not everyone, but they are much more prevalent today than they were 25 years ago. So all those people who hold these accounts with Vanguard and other large mutual fund companies, they are used to being able to check the value of their funds 24/7. That puts pressure on organizations like us – who want to compete in that space and yet don't have the same infrastructure.

WF: How big is your staff?

JP: We now have seven staff.

WF: Vanguard probably has . . .

JP: They don't even have a department with so few people. Their executive office alone has more than seven people.

So that's one of the challenges we face and one of the reasons we needed to grow as well – to be able to continue to provide better levels of service and investment management. Our process has also evolved over time. . . . Quakers are a fairly demanding group.

WF: So, the vision you brought with you into Friends Fiduciary, how far along have you gotten toward that?

JP: I think we've accomplished a lot. From 1898 to 2012, we had one product offering. We now have four. So that gives you some sense of the change.

WF: Just getting from one to two is a big deal, I think.

JP: Part of this emerged from a recognition that we could serve our constituents better. For example, we started a Short-Term Investment Fund in part because I knew that when Quaker meetings were receiving distributions from their endowments from Friends Fiduciary, they were not always spending all of it, but were often taking it and parking it in money market accounts because Friends Fiduciary did not have any alternative to offer them. So, that was our first new offering in 2012.

Then, we also wanted to attract money from larger Quaker institutions, like some of the large schools and colleges. The Consolidated Fund that we were offering was perfect for monthly meetings, quarterly meetings, yearly meetings, but it wasn't structured in a way that facilitated use by some of the larger institutions. Take Haverford, for example – and they don't work with us currently – they have $500 million and they have it already allocated in terms of where it will be invested – stocks, bonds, international vs. domestic etc. One of those allocations is a "large-cap core allocation," which is a US domestic stock allocation. So, one of the things we created is a new product called "The Quaker Index Fund," which is based on the S&P 500, the largest US domestic stocks, screened for Quaker values. We throw out 130 of those stocks because they don't fit our screens and we invest in the remaining 370. That's a stand-alone product that a Haverford or a large Quaker school can invest in separately. It fits within the rest of their investment process and allocations.

That was one of those pieces that was missing initially. The board knew we needed to go after larger constituents, but we didn't have the right products to offer them. So, that's been part of the work, you know, building the infrastructure of the organization, strengthening it. Strengthening the capabilities of staff, and then, working on the product line up.

WF: It seems fortunate that you ended up there when you did.

JP: Yes, it seemed like a good fit for me and for the organization at the time. And as a pragmatic businessperson, I know that the needs of organizations change over time. Frankly, I won't always be the right person, but I had a very particular skill set and I think it was one that was needed for the organization to jump forward. I'll let others judge whether it has been successful or not.

WF: Right, right . . .

JP: But we have been growing in terms of our assets under management, which is very gratifying. We were about $250 million five years ago, and we're right at $400 million now.

WF: Nice. . . . So, let me get to my list of questions in here . . . You've already touched on them, obviously. . . . So I'm interested in what you have to say about the ongoing conversation in Friends meetings about saving versus sharing.

JP: Yeah, well, it's been interesting. I've been a part of two meetings that re-located. You know San Francisco moved. That conversation began when I was out there. Now I'm a member of Chestnut Hill Friends Meeting, which is the first group to build a new meetinghouse in Philadelphia Yearly Meeting in something like fifty years. So, I've had the opportunity to be part of those long deliberations, through years and years . . .

And I have some strong opinions. I believe more Quakers ought be supporting their faith community financially. In fact, when I conduct workshops with meeting treasurers I say that I have no patience for anyone who doesn't give to their Quaker meeting. The treasurers don't feel like they can say it, but I can. I think everyone ought to be giving something. There ought to be 100% participation.

There was a time when we had really progressive thinking among Friends, and folks left money to their faith community, trusting that the meeting would steward it into the future. We manage over seventy trust funds created by wealthy Friends in the past who left money to Philadelphia Yearly Meeting for particular causes, like scholarships. We have scholarship funds that support African American students that date from the 1800s. Today it seems, Friends think about giving to the monthly meetings last, not first. Many of us are giving to all of these various charities, and monthly meeting is kind of an afterthought. That's very different than the way it used to be.

Friends can get into a scarcity mentality, rather than an abundance mentality, pretty easily. Frankly, that kind of thinking, restrictive thinking, carefully considering money – which leads to restrictive actions – I don't think that serves us well as faith communities. One of the things I am currently bringing up in my own meeting is, "How do we start talking about more important things at business meeting?" Sure, it's important to talk about spending $500 on new chairs; but honestly, that's not why I come to meeting, I don't think that's why most people come to meeting. I'd rather that we be discerning in business meeting how we're going to address social situations that are happening in the real world today, what kind of statement are we making in our local community about what is happening on the national political level. If we aren't talking about those things, then Quakers don't have a voice, and I think that's why we're declining as a faith community. I don't believe we make as strong a witness as we could.

What I've learned is that money shouldn't lead. Money should always follow. You don't start a business saying, "Well, how much money do we have, and then let's figure out what our vision is." You develop your vision, and then you figure out how to fund it, how to make it happen.

This comes back to that scarcity mentality. If you are always worried about how much you have and how little you can accomplish with it, that's necessarily going to diminish your vision. I think that's happening, not just among Friends; I think that's true across many faith traditions, and I think we need to be looking at different models. The meetings that are growing tend to be ones that are vibrant, the ones that are loving, welcoming communities with a number of different programs. They are not the ones that are doing the most efficient accounting or the ones that deliberate the most on their budget or on spending 500 bucks.

WF: It has the nicest chairs!

JP: Yeah, I think sometimes we are limited. What I have seen also is that a lot of Friends don't feel themselves to be particularly savvy around money. It almost has this aura of mystery for them, which means that those who are facile in dealing with money have an aura of "oh, they're special," because they understand this. But that's not who I am. My work isn't rocket science; my work has always been about explaining things in ways that people can understand, from a financial perspective.

In business, if I have to cut managers' budgets, it doesn't mean I have anything against them personally. It's just ,"Here's what we've got to do, and everyone has to cut." People tend to

take those things personally. And with money, it absolutely does have consequences. I don't mean to imply that it doesn't. But in my own life, I've struggled with how to have a healthy and appropriate relationship with money, and that's not allowing it to drive everything, because some things are way more important than money. I'll get off my soapbox now. . .

WF: Do you see examples in the non-profit sector generally of ones that show a more productive attitude in this regard – in terms of scarcity versus abundance?

JP: When I look at FCNL . . . You know they have had a new Executive Director for about five years or so . . .

WF: She is amazing!

JP: And is doing wonderful work. I tell her that all the time. Part of what I have seen is that they have very wisely started communicating a lot more effectively and a lot more frequently. I notice that, and I think other people do as well. You have a clearer sense about what they are working on. When they've had wins – yeah, there aren't a lot of them, but when they have them – they celebrate them, because they are toiling in a pretty mean vineyard these days.

I think they are doing some really good, important work, and my understanding is that it's paying off in the fundraising. I don't know how they approached it, but I doubt they sat down and said "Gee, how much can we afford to do?" It was more "Here is the organization we want to be and the impact that we want to have. Now what will that take?" Essentially, it's a leap of faith; which is, of course, why it's so hard for all of us to do it.

WF: Right . . . and how ironic.

JP: At the monthly meeting level, a number of meetings here have property, have graveyards, and have old meetinghouses that require a lot of upkeep. I've seen a number of meetings that decline in membership, and pretty soon, the endowment is just barely covering the maintenance requirements. It's hard to inject vitality back into that kind of downward spiral, which I think a number of meetings are facing around the country. There are also some very important and strong bright spots as well.

WF: I know in the West we have downward spiraling, too, and some vibrant communities that are growing. But this mixed blessing of holding a lot of property is not as much of a reality out here. Are there examples of meetings you've seen that have been pulled down by large burdens of property, but really have turned around?

JP: It is. Newtown Friends Meeting is a good, strong, vibrant meeting out here with a good sized property. Chestnut Hill Friends Meeting, too – we spent $3 million on a new building, which was very contentious within the meeting and was very difficult to finally reach that decision after ten-plus years. But there were folks within the meeting who felt that God was calling us – and eventually the meeting agreed - to be a bigger presence in the community, and I have got to say that it has really become realized, that we really are a growing meeting. We have from five to ten visitors each week on average.

WF: That's great!

JP: Part of that's because it's a new building. Part of that's because it has the James Turrell skyspace in it. And part of the reason that people come back is because they sense a loving, welcoming community. Which is something our Outreach Committee has worked to build, and I think they have done a fantastic job. So now we have all these people who want to come for the welcoming, loving community, and the question for us as a meeting is, "How do we continually invite them into a deeper experience with the Divine?"

WF: Right, right and I'm also curious how it is that you are more of a presence in the broader community?

JP: Some of that is because, with the new building, we have also been able to increase outside community groups using it. We've had some concerts, you know, small string performances. It has strengthened our meeting, and it's exactly what we hoped would come from building a new meetinghouse. We still have a mortgage, and we're paying that off and will continue to do so, but we're also putting solar panels on the roof, which was something we had committed to do to reduce the environmental footprint of the new building.

WF: Right, right. So, the people who are more inclined to want the meeting to be about social witness, that would be something that would make them glad. Are there other ways that your meeting has been reinvigorated in the general sense of social witness?

JP: I think we're struggling with that now. Our focus in recent years has been on building a welcoming space. I think now there are some of us in meeting who are saying, "OK, as a group of predominately privileged white folks, how do we use that privilege in a way that is working for change?" In my view, if you have privilege, you absolutely have to recognize it, and , you have a responsibility to use it to promote justice. To call out things when they are wrong. In some ways, it's similar to talking with companies as an investor; you have a certain responsibility as an investor, and you have a certain platform that other folks don't necessarily have with companies.

WF: So in your meeting, that looks like . . .

JP: In our meeting, from my perspective, that would mean groups of us going to meet with our Senate representative to say, "We disagree completely with current immigration policy. We are called to welcome that of God in everyone. . . "

WF: So, kind of civic investors in democracy?

JP: Yeah.

WF: Well that leads naturally into the last question on my list – the controversy over what is the "most Quakerly" approach to investing – shareholder activism versus divestment, insider versus outsider . . .

JP: My view is that the greatest amount of change can come from both and indeed does come from both. We saw that in our work with PNC on mountaintop-removal coal mining. That's an example that has been used a lot, so I don't want to belabor it. But that was a clear case where the company went further than they would have if only investors had talked to them, and they went further than they would have if only the EQAT activists had targeted them.

WF: I'm not as aware of the dynamics there. So, does Friends Fiduciary invest in . . .

JP: Are you aware of Earth Quaker Action Team?

WF: Yeah.

JP: So, we had folks from EQAT meet with me to say "We are doing these actions against PNC. You are invested in them, and we think you ought to not invest in them." Part of what I tried to do is have us be very open in listening to concerns of folks regardless of whether they are constituents or not. I think it is always important for us to hear what Friends are thinking.

We determined, that on this particular issue, it would be more appropriate for us to begin to engage the company on the issue as investors, rather than just sell their stock. Because we knew that selling their stock would have no impact on what the company did. So in 2012, we began conversations with the general counsel at PNC Bank, which has a large footprint in Appalachia in terms of bank clients, and not just companies, but also individuals, coal mining workers etc. Those people are a long-term base of PNC, so from a business perspective, they were feeling the pinch from clients on both sides of this particular issue. So essentially, over the years, we at Friends Fiduciary along with some other investors, including a few groups like a Rainforest Action Network, would talk with company management to try and move them on this issue. At the same time, EQAT was engaging in some very creative protest activities, and was continually accelerating or ramping them up over time as well. We kept in contact with EQAT, so they knew some of what we were talking with the company about. And they kept us informed of what they were doing. I wouldn't say we worked closely together, but we kept each other informed, and ultimately the end result was that PNC changed their policy on mountaintop removal financing.

At that point, EQAT's campaign was completed. They had gotten what they were after, and they celebrated that and then moved on to their next campaign. We as investors, however, had built up a relationship with the company over time, and it was important for me to know – since they had changed their policy – that they would actually deny financing to companies that might violate the policy. It's one thing to talk about it in the abstract. It's another thing to see an actual outcome or impact. We got assurances that indeed the desired outcome occurred. Also, as investors, we were pushing them to look at their underwriting of their financing of loans, particularly in the oil and gas sector, to look at the companies' future ability to meet environmental regulations. We thought that would give them a stronger process, which would make them a better bank, which would make them a better investment for us and for the constituents that invest with us. They actually did

make those changes, and they publicly announced them, which we were very pleased with because we believe it's going to have long-term, substantive impact. Now you have a bank that is talking with its business clients about their ability to meet future regulations, which means the businesses are having to think about that and not just kind of perfunctorily, but in a substantive way because they have to substantiate it to the bank.

Last fall, the CEO of PNC Bank invited four of their long-term investors, including Friends Fiduciary, to go to Pittsburgh to meet with his staff so we could get updated on the current state of the changes in their underwriting process. The CEO spent an hour with us on that update, and then we continued to meet other staff for the better part of a day because they also wanted to get our feedback on their sustainability report and a new socially responsible investment option. So we have moved from this kind of adversarial relationship to one that's . . . I wouldn't call it a partnership . . . but we created an open space where we could talk about issues that were important to each party in a respectful way and hopefully in a way that helped move the company, and that gave us greater insight into the challenges facing the company.

WF: It does sound like movement.

JP: Absolutely.

WF: How big do you need to be to get their ear though?

JP: We do all of our shareholder advocacy in conjunction with other faith-based investors. And we seek co-filers to work with us. When we have a huge Catholic health system at the table, there can be a couple billion invested on part of the shareholder group talking with company management.

We have another really recent example. I don't recall what the assets-under-management total would have been, but there were seven of us, including Friends Fiduciary, that were involved. We actually filed a shareholder resolution together with Blackrock, which is the world's largest institutional money management firm . . .

WF: I should have heard of them, right?

JP: It's huge. It's the world's largest!

So we had concerns because their CEO had publicly stated how important the assessment of climate risk is for business, etc. In the meantime, this largest money manager – who holds more value of stock than any other entity out there – was not supporting any climate-change-related proxy resolutions, including ones that we and our peers had filed. So, we filed a shareholder resolution with Blackrock saying, "We think you ought to be doing more due diligence around your review of environmentally based proxy resolutions." We had a phone conversation with the global head of their shareholder engagement division, and frankly, it was a bit of a heated conversation because we fundamentally disagreed. They thought that voting for a shareholder proposal against management was a vote against management itself. We know from our own experience and from talking with companies

that that isn't necessarily how the companies view it. At Friends Fiduciary we've actually gotten an e-mail from a company that we filed a resolution with, and with which we ended up successfully negotiating a withdrawal because they agreed to make changes. We got a thank-you e-mail from their lead director saying he was grateful for the constructive approach we took, and he thought the company ended up in a stronger place. So we know from our own experience that you can have positive, successful dialogues with companies. Well, we ended that call with BlackRock and frankly, I didn't think Blackrock was going to move. But in order to get us to withdraw our resolution, they did agree to change the way they review climate-related shareholder proposals. They aren't committing that they are going to vote for them, but they have committed to making a procedural change in how they review them. So, here is a small group of investors that moved the largest money manager in the world on climate risk. We see climate risk as one of the greatest systemic business risks in the market today. The only people who question climate change are the politicians. Businesses understand. Businesses are not driving that controversy. – I shouldn't say that. Some of the oil companies are. – But the vast majority of businesses understand climate change and the risk it represents.

WF: Right.

JP: So, those are some examples of shareholder activism, which point to some of the reasons we think it is important.

I also think from a Quaker perspective, it's important. I'm a big believer in "laboring one with another", and that doesn't mean picking up your marbles and going home when the other side doesn't agree. It seems to me that sometimes it's almost a punishment mentality that drives economic boycotts. "Let's punish the banks that invested in the Dakota Access Pipeline." These banks made their investment decision years ago, before there was a controversy. I think for a boycott to be effective, things have to line up pretty closely . . . and even then, I am not sure it should be the go-to tool. Certainly, for us as investors, I don't think that. From an investment standpoint, we know that if we sell our shares in Blackrock, they won't care. In fact, it would mean we couldn't file a resolution with them. So actually, selling our shares would make their life easier.

WF: Right. . . . All of that makes sense to me. . . . At the same time, you've got a green fund now. So that one prohibits investments in some companies that are in some of your other funds. . . So to choose not to invest in particular companies. . . I guess what I hear you saying is that the companies really don't care.

JP: From the company's perspective, that's true. We do have what we call "negative screens," so we don't invest in any companies that produce alcohol, tobacco, firearms, any gambling operations, for-profit prisons and more recently coal. We do those because of long-held Quaker testimonies and values, because we believe those products don't support the social good. It's hard to say the same thing today about fossil fuels, because at this point, they are so integral to our economic system, which seems integral to our social good. Not that it's perfect, but that's where we are now. We might wish that we were in a different place, and we can work towards being in a different place. And I would argue that all of our work is geared towards that. The fact that we're filing so many environmentally

related shareholder resolutions . . . I mean, companies didn't all wake up to the climate change issue on their own. It's been work with investors and others pushing them that starts to create the change.

MK: And how do you see the activity of organization like EQAT fitting in here?

JP: I believe – and this goes back to my past – I believe that there is an absolutely important role for the activist community to play in change and it can be extremely effective. It uses very different levers than what we use with shareholder advocacy. . . . I think each activist campaign is different in terms of whether it builds relationships, or not so much. The shareholder advocacy work that we do is geared towards building those long-term relationships. Because, frankly, now that we have a constructive working relationship with PNC and some of the other companies we've dealt with, it's easier to approach them on different issues because we've built a level of trust.

WF: Right.

JP: When I meet with a CEO, I tell them, "Our interests are aligned. We are long-term shareholders. We want you to succeed. Here are our concerns about this particular issue. Here is why we think transparency in lobbying expenses is important: because you potentially have reputational risk if you are found to be supporting an organization that directly contradicts something that you say you value as a corporate entity."

We don't always agree, but sitting down and realizing that there is common ground is important. That is part of what I see as the value that Friends bring to this work. When I talk with top management, I talk about Friends' integrity testimony. So as long-term shareholders, we have that opportunity to share our concerns.

And frankly, as a businessman, I firmly believe that a sustainable company is going to be a better investment over the long term. CEOs are business people as well. They don't like the fact that the market is focused on the next quarter. They would like to see their businesses successful into the future as well. But Wall Street demands quarterly numbers, and better numbers, and that isn't always healthy for a business.

WF: Right.

JP: And it certainly isn't healthy for our society.

WF: This is partly why the petroleum industry is so entrenched . . .

JP: Yep. If you couldn't tell, I love the work [laughs].

WF: I am so grateful that you were willing to spend all this time with me this morning.

JP: I can talk about it all day long and would be happy to have any kind of follow up that would be helpful

WF: Great, thanks. So, is there anything else before we go, that you want to say that I didn't ask about?

JP: . . . I think that as Friends, we are at the nexus of the world and faith when we deal with money. It's one place where our faith meets our being in the world, and there's a strong tension there. That's really the world we live in, and if Friends can't hold those tensions, then God help us. Part of who I am as a Quaker is about being absolutely committed to continually seeking – and to living in that uncomfortable place – to listen, to test. I guess that plays into whether you choose to cut and run from a company, or whether you choose to stay and make change. The question – "Can you change the system from within?" – is an age-old debate. I guess I come down on: "It's important to do both." The different groups have different roles to play. The role that Friends Fiduciary plays is very different than the role played by a group like EQAT. That's OK. They are both important roles. I do get frustrated at times when Friends don't value a diversity of approaches, when they talk about one as necessarily more righteous or better than another. I honestly don't see that. They both can be done poorly or destructively and they both can be done in life-giving, supportive, relationship-building ways.

WF: Good, well put.

JP: So, I think that's it

WF: Thanks again.