THE CHURCH PENSION FUND

Membership

Barbara Creed, *Chair*	El Camino Real, VIII	2018
The Rev. Dr. Timothy Mitchell, *Vice-Chair*	Kentucky, IV	2021
Ms. Sandra Swan, *Vice-Chair*	East Carolina, IV	2021
Ms. Martha Alexander	North Carolina, IV	2021
The Rev. Thomas Brown	Massachusetts, I	2021
The Rt. Rev. Diane M. Jardine Bruce	Los Angeles, VIII	2018
Mr. Vincent Currie Jr.	Central Gulf Coast, IV	2018
The Rt. Rev. Clifton Daniel	New York, II	2018
Mr. Gordon Fowler	Pennsylvania, III	2018
Dr. Delbert Glover	Rhode Island, I	2018
Mr. Ryan Kusumoto	Hawaii, VIII	2018
The Very Rev. Tracey Lind	Ohio, V	2021
Mr. Kevin Lindahl	Colorado, VI	2021
Canon Kathryn McCormick	Mississippi, IV	2018
Ms. Sandra McPhee	Chicago, V	2021
Ms. Margaret Niles	Olympia, VIII	2021
Mr. Sleiman (Solomon) Owayda	Massachusetts, I	2018
Ms. Diane Pollard	New York, II	2018
The Rt. Rev. Brian N. Prior	Minnesota, VI	2021
The Rt. Rev. Gregory Rickel	Olympia, VIII	2021
Canon Rosalie Simmonds Ballentine	the Virgin Islands, II	2018
Ms. Anne Vickers	Southwest Florida, IV	2021
The Rev. Canon Sandye Wilson	Newark, II	2021
Ms. Mary Kate Wold	New York, II	
Mr. Cecil Wray	New York, II	2018

Summary of Work

OVERVIEW — ONE HUNDRED (100) YEARS OF SERVICE TO THE EPISCOPAL CHURCH

The Church Pension Fund (CPF) provides retirement benefits to eligible clergy and lay employees of the Episcopal Church. CPF also oversees a number of affiliated companies, including Church Life Insurance Corporation, The Episcopal Church Medical Trust, The Church Insurance Companies, and Church Publishing Incorporated (collectively, the Church Pension Group or CPG).

CPF's relationship with the Episcopal Church (the Church) began over a century ago. The large population of clergy with inadequate resources to support a dignified retirement had long been a concern of the

Church. In 1910, Bishop William Lawrence advocated for, and the General Convention approved, the creation of the Joint Commission on the Support of Clergy to study the feasibility of a mandatory pension system for Episcopal clergy.

In response to the recommendation of the commission, the General Convention of 1913 authorized the commission members to create a separate corporation, The Church Pension Fund, to take the necessary steps to establish a clergy pension fund. The General Convention of 1916 also enacted a canon (now Title I, Canon 8) of the Constitution and Canons of the Church to give CPF the authority to administer pensions and other benefits for Episcopal clergy and to collect assessments to fund such benefits.

After securing initial funding, CPF opened its doors in 1917 and sent out its first pension check on March 1 of that year. Thus began CPF's mission of serving the Church by providing retirement and other employee benefits to its clergy, and eventually to lay employees.

CPG is observing its 100th anniversary from March 1, 2017, through March 1, 2018. One hundred years on, CPG's vision remains the same: to provide its clients with the highest possible level of financial security in retirement that is consistent with exemplary financial stewardship on CPF's part and with the evolving needs of the Church. CPF's dedication to its vision has enabled its work and its close collaboration with the Church over the past century.

Today, CPG has the following three lines of business: employee benefits, property and casualty insurance, and publishing. Each year, CPG hosts hundreds of educational programs, answers more than 75,000 client calls, visits over 3,000 congregations and other institutions, and welcomes 320,000 visits to its website. CPG is a complex business with three core values that guide everything it does: professionalism, compassion, and trustworthiness.

Typical of most pension funds, the legal and governance structure of CPF is designed to protect CPF's assets for the benefit of its participants. CPF trustees are elected by General Convention, but once elected, they are bound first and foremost by a legal, fiduciary duty to CPF and, indirectly, its participants.

This Blue Book Report reviews the work of CPG during the past triennium and describes major areas of focus during that time.

CPF Board and Governance

Governance of CPF is provided by a twenty-five (25) member board of trustees that consists of twenty-four (24) trustees elected by General Convention and the CPF Chief Executive Officer and President.

The Church Pension Fund Board of Trustees

Terms Ending in 2018:

Canon Rosalie Simmonds Ballentine, Esq.*
Attorney, Law Office of
Rosalie Simmonds Ballentine, P.C.
St. Thomas, U.S. Virgin Islands

Barbara B. Creed, Esq.
Chair, The Church Pension Fund Board
Of Counsel (retired), Trucker Huss, APC
Portola Valley, California

The Rt. Rev. Dr. Diane M. Jardine Bruce*
Bishop Suffragan, Diocese of Los Angeles
Irvine, California

Vincent C. Currie, Jr.
Administrator (retired)
Diocese of the Central Gulf Coast
Pensacola, Florida

The Rt. Rev. Clifton Daniel III*
Acting Dean,
The Cathedral Church of St. John the Divine
New York, New York

Gordon B. Fowler, Jr.*
President, CEO, and Chief Investment Officer
Glenmede Trust Company
Bryn Mawr, Pennsylvania

Delbert C. Glover, Ph.D.*
Vice President (retired), DuPont
Providence, Rhode Island

Ryan K. Kusumoto*
President and CEO
Parents and Children Together
Honolulu, Hawaii

Canon Kathryn Weathersby McCormick*
Canon for Administration & Finance (retired)
Diocese of Mississippi
Jackson, Mississippi

Solomon S. Owayda*
Founding Partner, Mozaic Capital Advisors
Arlington, Massachusetts

Diane B. Pollard
Independent Benefits/Human Resources Consultant
New York, New York

Cecil Wray, Esq.
Partner (retired), Debevoise & Plimpton LLP
New York, New York

**(Board members who are up for re-election in 2018)*

Terms Ending in 2021:

The Rev. Dr. Timothy J. Mitchell
Vice Chair, The Church Pension Fund Board
Rector, Church of the Advent
Louisville, Kentucky

Sandra S. Swan, D.L.H.
Vice Chair, The Church Pension Fund Board
President Emerita
Episcopal Relief and Development
Chocowinity, North Carolina

Martha Bedell Alexander
Former Legislator
North Carolina House of Representatives
Charlotte, North Carolina

The Rev. Thomas James Brown
Rector, The Parish of the Epiphany
Winchester, Massachusetts

The Very Rev. Tracey Lind
Dean (retired), Trinity Cathedral
Cleveland, Ohio

Kevin B. Lindahl, Esq.
General Counsel
Fire and Police Pension Association
Denver, Colorado

Sandra F. McPhee, Esq.
Law Offices of Sandra Ferguson McPhee
Wilmette, Illinois

Margaret A. Niles, Esq.
Partner, K&L Gates LLP
Lake Forest Park, Washington

The Rt. Rev. Brian N. Prior
Bishop, Episcopal Church in Minnesota
Minneapolis, Minnesota

The Rt. Rev. Gregory H. Rickel
Bishop, Diocese of Olympia
Seattle, Washington

Canon Anne M. Vickers, CFA
Canon for Finance and Administration
Episcopal Diocese of Southwest Florida
Tampa, Florida

The Rev. Canon Dr. Sandye A. Wilson
Rector, The Episcopal Church of
St. Andrew and Holy Communion
South Orange, New Jersey

Mary Katherine Wold
CEO and President
The Church Pension Fund
New York, New York

The Work of the Church Pension Fund [CPF] Board

The CPF Board makes major policy decisions affecting investment strategy, pensions, and other benefits and services. It oversees the strategic direction of a broad and varied consortium of businesses. The CPF Board must address complex issues faced by the organization, both recognizing the need for compassion and flexibility and ensuring financial accountability. As a result, the trustees have the challenge of balancing sometimes-conflicting social and fiduciary responsibilities.

The CPF Board is enriched by the counsel of lay and ordained leaders as well as experienced investment managers, attorneys, accountants, and business and financial professionals. It is essential to bring to the board's deliberations the most expert and thoughtful advice available to the Church. The complexity of CPG's business places special emphasis on CPF's fiduciary responsibilities and the need for experienced and engaged trustees.

The Election Process and the Current CPF Board

As set out in the Episcopal Church's Canons, General Convention will elect 12 trustees in 2018, selecting from the slate of nominees presented by the Joint Standing Committee on Nominations.

Eight trustees — Canon Rosalie Simmonds Ballentine, Esq., the Rt. Rev. Dr. Diane M. Jardine Bruce, the Rt. Rev. Clifton Daniel III, Gordon B. Fowler, Jr., Delbert C. Glover, Ph.D., Ryan K. Kusumoto, Canon Kathryn Weathersby McCormick, and Solomon S. Owayda — are eligible and have agreed to stand for re-election. The following four trustees are retiring from the CPF Board in 2018, having faithfully served the two consecutive six-year terms allowed by the Canons of the Episcopal Church: Barbara B. Creed, Esq., Vincent C. Currie, Jr., Diane B. Pollard, and Cecil Wray, Esq. The remaining 13 trustees will continue to serve.

Review of the Past Triennium

Financial Strength of CPF

The single most important job of the CPF Board is monitoring the financial strength of CPF, including the critical component of investment performance. Even though CPG collects assessments for each individual enrolled in one of its defined benefit pension plans, the collected assessments do not cover the cost of benefits under its plans. For example, in the fiscal year ended March 31, 2017, CPF received approximately $97 million in assessments and paid out nearly $377 million in pension and related benefits to Episcopal clergy and lay employees. Strong, consistent investment performance is needed to fill the gap between the amount of assessments collected and the amount of benefits paid every year. CPF's investment performance is critical to fulfilling its mission, which is why CPF places so much emphasis on active management and careful decision-making.

CPF invests primarily in funds run by outside managers, and it currently has over 200 such managers across stocks, bonds, and other asset classes. Through its managers, CPF is invested in almost five hundred (500) different funds, which in turn hold a wide array of individual investments. These managers and funds bring unique insights and approaches to identifying attractive investments that CPF believes will generate desired long-term returns. CPF relies on its managers to select the individual stocks, bonds, and other assets that comprise their portfolios. The exception is a relatively small TIPS (Treasury Inflation Protected Securities) portfolio that CPF manages directly. The work of CPF's internal investment team includes sourcing, recruiting, and hiring its outside managers, who are some of the most highly regarded managers from around the world in each asset class, and providing ongoing oversight and evaluation of their performance.

CPF remains in solid financial condition due to both good investment results and strong financial stewardship, which includes stress-testing its assets to determine whether CPF is appropriately funded today to have a high level of confidence that it will be able to meet future needs. Stress- tests of the Clergy Pension Plan over the past few years have shown that CPF has an appropriate level of assets to honor its obligations over the upcoming decades, but Clergy Pension Plan assets are in a cautionary zone. This means there are not sufficient assets in the Clergy Pension Plan (i) to make any significant enhancements of benefits or (ii) to make any significant reduction in the level of assessments without revisiting the level of benefits that it currently offers. In the past triennium, the CPF Board did approve discretionary cost of living adjustments (COLAs) to retired beneficiaries of the Clergy Pension Plan in every year that the Social Security Administration offered a COLA for its beneficiaries. COLAs were not granted to retired beneficiaries of The Episcopal Church Lay Employees' Retirement Plan (Lay DB Plan) because the CPF Board determined that granting a COLA would put too much of a strain on the financial strength of the Lay DB Plan. See www.cpg.org/COLA for details.

As of September 30, 2017, CPF assets stood at $13.2 billion (unaudited). Assets Available for Benefits in the Clergy Pension Plan stood at $12.3 billion (unaudited) and Assets Available for Benefits in the Lay DB Plan stood at $199.6 million (unaudited). These numbers are improvements over previous years.

Results for the fiscal year ended March 31, 2018, will be available at the General Convention in July and will also appear in the 2018 Church Pension Group Annual Report, which will be published online at www.cpg.org.

New Chief Operating Officer

In 2016, Francis P. Armstrong succeeded Jim W. Morrison as chief operating officer of CPG. Armstrong has a long history with the organization, having served as CPG's Chief Actuary and Senior Vice President of Benefits Policy prior to Morrison's retirement. Even before joining CPG, Armstrong had a connection to the organization. His past experience includes serving as a managing principal and practice leader for the Eastern Region for Hewitt Associates' Health Management Practice, where CPG was his client.

I. Employee Benefits

CPG provides a broad array of employee benefits and related services to the Church. When appropriate and financially feasible, CPG considers changes to benefits policy to respond to changing needs of the Church.

CPF administers the following retirement plans for eligible clergy and lay employees:

A. Defined Benefit (DB) Plans

The Church Pension Fund Clergy Pension Plan (Clergy Pension Plan) is a defined benefit plan providing retirement and death benefits to eligible clergy of the Episcopal Church. It currently provides pension and related benefits for more than eighteen thousand (18,000) active and retired clergy and eligible surviving spouses or other named beneficiaries. Clergy Pension Plan benefits include monthly pension payments, a Christmas benefit, a resettlement benefit, and a pre-retirement survivor's benefit. Additional benefits are offered to eligible participants in the Clergy Pension Plan through separate plans, including short- and long-term disability benefits, life insurance, child benefits, and a discretionary subsidy toward the cost of a Medical Trust Medicare Supplement Health Plan.

After a four-year study of clergy deployment and demographic trends, CPG proposed a comprehensive set of changes to the Clergy Pension Plan and related plans to drive greater flexibility, consistency, and simplicity. The revisions were vetted in conversations with more than one thousand five hundred (1,500) individuals and were approved by the CPF Board in December 2016. Please see CPF's response to General Convention Resolution 2015-A177 in this Blue Book Report for details.

The Episcopal Church Lay Employees' Retirement Plan (Lay DB Plan) is a defined benefit pension plan that was established in 1980. Lay DB currently provides benefit coverage for approximately three thousand nine hundred and five (3,905) active, retired, and terminated, but vested, participants. Lay DB Plan benefits include monthly pension payments and a disability retirement benefit for eligible participants. Death benefits are also included for eligible participants and are paid out of The Episcopal Church Lay Employee's Death Benefit Plan. Eligible participants in the Lay DB Plan are also entitled to a pre-retirement survivor's benefit, which is paid to their eligible surviving spouse if the participant dies on or after attaining age fifty-five (55) but prior to retirement. The required assessment of nine (9) percent in the Lay DB Plan is lower than the required assessment of eighteen (18) percent in the Clergy Pension Plan. As a result of this difference, the benefits provided under the Lay DB Plan are not equal to those provided under the Clergy Pension Plan.

International Plans — CPF administers a group of unique defined benefit pension plans on behalf of current and certain former dioceses of the Episcopal Church that are located outside the fifty (50) United States.

B. Defined Contribution (DC) Plans

CPF offers the following two defined contributions plans:

The Episcopal Church Lay Employees' Defined Contribution Retirement Plan (Lay DC Plan) provides individual retirement savings accounts to approximately sixteen thousand (16,000) active, retired, and terminated, but vested, participants. Fidelity Investments is the record keeper of the Lay DC Plan and offers a wide range of investment options and tools to support retirement savings planning.

The Episcopal Church Retirement Savings Plan (RSVP) is a defined contribution retirement savings plan meant to supplement the retirement benefits available to clergy and eligible lay employees who are enrolled in one of CPF's defined benefit pension plans using their own tax-deferred contributions. Participants have their own accounts and direct the way their money is invested. As with the Lay DC Plan, Fidelity Investments is the record keeper for the RSVP, and the investment options in the plan are the same as those in the Lay DC Plan.

Changes to CPF's Defined Contribution Plans — In the past triennium, as assets in its defined contribution plans grew, CPF was able to reduce participant investment fees by moving to lower-cost Fidelity funds that are only available to larger defined contribution plans. CPF replaced the Domini Fund with the DFA U.S. Sustainability Core 1 Portfolio Fund, a high-performing socially responsible fund with lower fees. Historically, participant selection of the socially responsible options available via the Fidelity platform has been low. A 2016 survey administered by CPF's Research and Data team revealed that most lay employee and clergy investors prioritize strong returns over positive social impact when making investment choices. Still, CPF decided to make another socially responsible investment option available to individuals who are interested in investing their own savings while considering social issues.

The changes to CPF's defined contribution offerings include replacing the previous money market fund with the lower-cost Fidelity Investments Money Market Government Portfolio - Institutional Class fund, and replacing the previous 500 Index Fund with the lower-cost Fidelity 500 Index Fund - Institutional Premium Class. The changes apply equally to the Lay DC and RSVP plans.

Update on the Lay Pension System — The Lay Pension System, which was established by General Convention Resolution 2009-A138, and later amended by General Convention Resolution 2012-C042, requires dioceses, parishes, and other Church institutions subject to the authority of the Church to enroll their lay employees scheduled to work a minimum of one thousand (1,000) hours annually in the Lay DB Plan, the Lay DC Plan, or certain pre-existing pension plans. As mandated by General Convention, the required contribution to the Lay DB Plan is nine (9) percent of the employee's compensation, and the required contribution to the Lay DC Plan is five (5) percent of the employee's compensation, with an institutional match of at least four (4) percent of the employee's contributions to the Lay DC Plan.

Participation in the Lay Pension System has been strong, and at this point CPG estimates that approximately ninety (90) percent of employers with lay employees that are required to participate are complying. Most employers have chosen to enroll their eligible lay employees in the Lay DC Plan; only about 11.6% of eligible lay employees participate in the Lay DB Plan. As a reminder, CPF has no enforcement power with respect to the Lay Pension System but has pursued a rigorous ongoing campaign since 2009 to educate Episcopal employers with respect to the requirements of the Lay Pension System and to enroll their eligible lay employees in its plans.

For a variety of reasons, retirement benefits for clergy and lay employees are not equal. To achieve parity, the Church could mandate that all lay employees participate in the Lay DB Plan (rather than only in the Lay DC Plan), and the assessment rate for lay employees would have to be raised from the current nine (9) percent to eighteen (18) percent. Even then, it would take some years for the assets of the Lay DB Plan to grow sufficiently to afford the full menu of benefits offered by the Clergy Pension Plan.

In addition to retirement benefits, CPG provides other benefits and programs, described below.

C. Healthcare

The Episcopal Church Medical Trust (Medical Trust) is the sponsor of The Episcopal Church Clergy and Employees' Benefit Trust, a Voluntary Employees' Beneficiary Association (VEBA) established in 1978. The Medical Trust offers meaningful health benefits choices that are designed to meet the needs of clergy, lay employees, and retirees of the Church and their eligible dependents. Working with world-class health networks like Cigna, Anthem BlueCross and BlueShield, and Kaiser Permanente (and UnitedHealthcare for the Medical Supplement Health Plans), the Medical Trust offers nineteen (19) different plan designs that include preferred provider and consumer-directed health plans across all four Affordable Care Act [ACA] required tiers of plan coverage (i.e., platinum, gold, silver, and bronze). These plans all include mental health, vision, employee assistance program, and health advocacy benefits at no additional charge. Dental care plans are also available. The Medical Trust relies on multiple carriers to serve one hundred (100) domestic dioceses and forty-three (43) other institutions in the United States. The Medical Trust offers multiple carriers to ensure adequate network coverage.

The Medical Trust is the Church's selected health benefits provider under the Denominational Health Plan (DHP). The DHP, which was created by General Convention Resolution 2009-A177, and later reaffirmed and amended by General Convention Resolution 2012-B026, has two (2) distinct and independent goals: to achieve cost containment for the Church in light of continually rising healthcare costs, and to provide equal access to and parity of funding for healthcare benefits for eligible clergy and lay employees in the domestic dioceses.

In addressing the cost containment goals of the DHP, the Medical Trust has focused on three primary objectives:

- Slower Increases in Cost**:** Slowing the increase in healthcare costs for the Church compared to the increase in such costs outside the DHP.
- Local Price Competitiveness: Ensuring that the actual cost of healthcare plans offered by the DHP are competitive with the cost of comparable plans offered in each local market.
- Reduced Disparity Among Dioceses: Reducing the disparity in the cost of healthcare plans offered by the DHP from one diocese to another while still remaining competitive in the local market of each diocese.

Slower Increases in Cost — From 2010 to 2014, U.S. employers' health insurance premiums increased an average of five (5) percent to eleven (11) percent annually, while the Medical Trust's increases averaged four (4) percent to six (6) percent for the same years. In 2015 and 2016, the ACA exchanges increases averaged from seven (7) percent to ten (10) percent, while the Medical Trust's increases averaged from five (5) percent to six (6) percent. For the 2017 plan year, the Medical Trust was able to deliver a single-digit average rate increase of six (6) percent, a very favorable result as compared to rate increases that averaged twenty-four (24) percent on the ACA exchanges. The Medical Trust expects this trend to continue in 2018 as early signs point to high double-digit increases again on the ACA exchanges compared to the Medical Trust's 2018 single-digit average rate increase of six (6) percent.

Local Price Competitiveness — For the Denominational Health Plan [DHP] to be successful, the Medical Trust must be able to slow the growth in healthcare costs for the Church and offer plans to the Church that are priced competitively compared to alternative options. Again, the Medical Trust has been able to produce favorable results.

In 2016, the average cost of healthcare plans under the DHP was approximately four (4) percent less than the average cost of comparable plans on the ACA exchanges. That position improved in 2017, with the Medical Trust average cost at nineteen (19) percent below the average cost of comparable plans on the ACA exchanges, and CPG expects that advantage to increase materially again in 2018. On a region-by-region basis, Medical Trust rates in 2017 are more competitive than the comparable plans on the ACA exchanges in eighty-nine (89) percent of dioceses, and CPG expects that number to grow to ninety-eight (98) percent in 2018. With respect to the remaining two (2) dioceses, the Medical Trust expects rates in 2018 to be no more than seven (7) percent above the average comparable exchange rates on the ACA exchanges. The Medical Trust is particularly pleased about this result given that its plans cover a population that, on average, is older than the populations that participate on the healthcare exchanges and the plans offered provide broader networks — not to mention the fact that the Medical Trust offers additional benefits not offered on the exchange, including the employee assistance program, Vision, and Health Advocate.

Reduced Disparity Among Dioceses — As has been evident from the pricing on the various ACA state exchanges, the cost of healthcare varies greatly from one area of the country to another. Notwithstanding that reality, the Medical Trust has been responding to concerns with cost differences raised by past General Conventions by working diligently to reduce the disparity in healthcare costs from one (1) diocese to another.

For 2017, seventy-five (75) percent of diocesan rates for the same plans are clustered near the average rate offered by the Medical Trust — that is, they are within a band of ten (10) percent below to five (5) percent above the average rate. The remaining twenty-five (25) percent of the dioceses have rates that are ten (10) percent (or more) below the average Medical Trust rate for the same plans. Offering lower rates in those dioceses has been necessary for the DHP to remain competitive with comparable rates on the ACA exchanges. The Medical Trust expects similar results in 2018.

Ongoing Efforts — The Medical Trust remains committed to continuing to contain cost increases while providing comprehensive healthcare benefits and compassionate service. In order to provide the lowest possible premium rates while maintaining competitive levels of coverage for its members, the Medical Trust continues to do the following:

- Evaluate its plan designs for quality and value.
- Reduce the number of plans in each category (i.e., platinum, gold, silver, and bronze) to consolidate purchasing power with fewer vendors while still maintaining meaningful participant choice and robust access to healthcare providers.

- Leverage purchasing power in negotiations with key vendors to achieve maximum savings on plan administration fees.
- Participate in the Express Scripts group purchasing coalition for pharmacy benefits (contract negotiations in 2016 reduced future prescription drug costs over three (3) years by approximately $37 million).
- Remain self-insured (i.e., the Medical Trust bears the financial risk of medical and prescription drug claims), with limited and judicious use of reinsurance for only the very largest claims.
- Manage its internal operations to drive continued cost efficiencies.
- Explore additional cost-saving opportunities that develop in the emerging healthcare marketplace.

CPF administers the Denominational Health Plan [DHP] to be of service to the Church by providing a superior aggregate level of healthcare benefits, both in cost and quality, then is otherwise readily available in the market. CPF notes, however, that providing healthcare coverage to the Church is ancillary to its principal focus, which is providing secure retirements for its pension plan participants. CPF remains optimistic that it can continue to be successful in its objectives as long as participation in the DHP remains mandatory. However, if the Medical Trust were no longer able to provide a better overall solution to the Church than it could access elsewhere, CPG management would readily work with the Church to help it consider and understand other options.

Regarding parity of funding, General Convention Resolution 2009-A177, which was later reaffirmed and amended by General Convention Resolution 2012-B026, required each diocese to set a minimum healthcare cost-sharing policy that would apply equally to eligible clergy and lay employees by December 31, 2015. Based on information available to CPG in 2016, seventy-five (75) percent of dioceses have an approved cost-sharing policy in place that applies equally to clergy and lay employees. The Medical Trust continues to work closely with the remaining dioceses to assist them in establishing the minimum required employer cost-sharing policy for their clergy and lay employees.

It is important to note that the Medical Trust has no authority by which to enforce General Convention's cost-sharing policy. Rather, it must rely on the dioceses to ensure that parity in medical coverage between clergy and lay employees ultimately is achieved.

For more information, please read the 2017 DHP Annual Report, which is available on CPG's website at www.cpg.org/dhp-annual-report.

The Fund for Medical Assistance — CPF continues to support clients in the non-domestic dioceses through the Fund for Medical Assistance, which offers financial assistance to eligible clergy, lay employees, and dependents facing healthcare expenses that are not otherwise covered by public or private insurance programs. CPF granted $27,400 in 2015, $27,005 in 2016, and $35,900 in 2017 (through August 2017) out of the Fund for Medical Assistance, and has continued to communicate the availability of the program.

D. The Fund for Special Assistance

The Fund for Special Assistance provides grants to retired clergy, surviving spouses, and dependents receiving benefits and experiencing a specific, extraordinary financial challenge. CPF granted $68,450 in 2015, $112,750 in 2016, and $56,400 through August 2017 from the Fund for Special Assistance, and has continued to communicate the availability of the program.

E. Life Insurance

Church Life Insurance Corporation (Church Life) has provided life insurance protection and retirement savings products to the clergy and lay employees of the Church and their families since 1922. Church Life provides life insurance protection to all eligible active and retired Episcopal clergy through the group life plan sponsored by CPF. In addition, more than ninety (90) percent of Episcopal dioceses choose to provide group life and disability insurance to their employees through Church Life. Church Life also provides group annuity funding for CPF to offer a stable value option in both the Lay DC Plan and the RSVP. For clergy and lay employees seeking retirement savings and income products on an individual basis, Church Life offers an array of deferred and immediate annuities and Roth and traditional individual retirement annuity products. Since 2010, Protective Life Corporation's full portfolio of innovative individual life insurance products has been available through Church Life agents at affordable rates. Protective Life is one of the nation's leading insurance companies, rated A+ Superior by A.M. Best.

II. Property and Casualty Products

The Church Insurance Companies (CIC) consist of several affiliate entities that offer churches, dioceses, and institutions property and liability coverage as well as risk management tools and strategies. Together they have been providing property and casualty insurance and related services to Episcopal churches and institutions since 1929, including access to the insurance products of outside product partners (e.g., Liberty Mutual for workers' compensation insurance).

In 2017, William (Bill) F. Murray succeeded Dale Roderick Webster as Senior Vice President and General Manager of CIC. Murray joined CIC with more than thirty (30) years of insurance industry experience, including Chief Underwriting Officer, Casualty/Public Risk at Houston Casualty Company, and sixteen (16) years at General Star Insurance Company, now owned by Berkshire Hathaway. Murray is passionate about CIC's mission to provide competitive property and casualty coverage to Episcopal institutions in a financially sustainable way.

CIC representatives visit over three thousand (3,000) client locations each year and publish a popular risk management e-newsletter, *The Good Steward*. Two (2) CIC affiliates provide insurance to eligible institutions using a captive insurance structure that is more cost-effective and flexible than other alternatives. All claims, billing, and underwriting activities are performed in Bennington, Vermont, where CIC is headquartered. While Episcopal churches and other institutions are able to purchase their property and casualty insurance from any insurer they choose, ninety-five (95) percent of churches buy it from CIC.

From the beginning, CIC has provided a vital service to the institutions that have enrolled in its programs. CIC continues to explore options to improve its financial sustainability while continuing to provide comprehensive coverage so it can continue being of service in the century ahead.

III. Publishing

Church Publishing Incorporated (CPI), which was founded in 1918 as the Church Hymnal Corporation, is the official publisher of worship materials and resources for the Episcopal Church and is a multifaceted publisher and supplier to the broader ecumenical marketplace. CPI produces about fifty (50) new books and resources each year and manages a portfolio of more than one thousand five hundred (1,500) active titles, many sold worldwide.

In 2017, Mark Dazzo succeeded Davis Perkins as Senior Vice President and Publisher at CPI. Prior to becoming publisher, Dazzo served as chief marketing officer for the firm. He has a deep understanding of the Church and of the publishing industry.

The exhibit below provides a summary of the clients served and services provided by CPF and each of the major affiliates.

The Church Pension Fund and Affiliated Companies Services and Clients

The Church Pension Fund		
Clergy DB Pension Plan	18,484	
Lay DB Plan	3,905	
Lay DC Plan	16,012	
RSVP Plan	5,045	
The Episcopal Church Medical Trust		
Clergy		
Not-Yet-Retired	3,883	34,408
Retired and Surviving Spouses	5,049	
Lay Employees		
Not-Yet-Retired	9,052	
Retired and Surviving Spouses	2,416	
Family Members		
Not-Yet-Retired	11,595	
Retired and Surviving Spouses	2,413	
Church Life Insurance Corporation		
Group Life Insurance	23,515	
Individual Life Insurance	1,310	
Annuities	4,840	
The Church Insurance Companies		
The number/percentage of Episcopal churches and dioceses that purchase their property and casualty insurance from CICVT or CICNY		
Episcopal Churches	6,200 / (95%)	
Episcopal Dioceses	96 / (96%)	
Church Publishing Incorporated		
Books in Print	961	
Church Supplies	538	
Christian Education Resources	345	
eBooks	705	
eProducts	42	

As of October 31, 2017

Responses to General Convention

I. Revise Benefits for Alternative Forms of Ministry Service (Resolution 2015-A177)

Resolution 2015-A177 directed the Church Pension Fund to continue to work actively toward revision in how benefits may possibly be determined, in order to be responsive to the changing nature of Church leadership in order to serve the leadership of this renewed Church God is calling us to be. Particularly, alternatives are sought for bi-vocational, non-stipendiary, interrupted continuity of service, and those serving in interim ministries. The resolution required CPF to report its findings to the Executive Council.

After several years of study and consultation around the Church, CPG finalized revisions to the Clergy Pension Plan and related plans. Over four (4) years ago CPG commenced a comprehensive series of listening events around the Church hosted by CPG management and trustees. These listening events included focus groups with clergy in different demographic groups, such as second-career, part-time, bi-vocational, non-stipendiary, recently ordained and recently retired clergy. The events also included larger regional meetings and webinars involving benefits administrators and lay leaders. With the benefit of insights from these meetings as well as from its day-to-day presence around the Church, the CPF Board affirmed that the objectives of the Clergy Pension Plan revision should be three (3) fold: (i) increased flexibility to reflect evolving models of ministry; (ii) consistency to ensure that all clergy are treated equitably; and (iii) simplicity to ensure that the benefits under the plan are more easily communicated and administered.

Once CPG began the work of actually designing the new pension plan to meet the foregoing objectives, it adopted an iterative approach of testing ideas with groups of clergy, bishops, administrators and lay leaders, refining ideas to reflect the feedback and then repeating that testing. With this process, in approximately fifteen (15) months CPG was able to obtain direct input from over one thousand five hundred (1,500) individuals around the Church. Pursuant to the resolution, Mary Kate Wold, CEO and President of CPF, met with Executive Council on February 7, 2017, to describe proposed changes to the Clergy Pension Plan.

Bi-vocational and Part-Time Clergy — A number of revisions to the Clergy Pension Plan are intended to benefit part-time clergy. Examples include the following: (i) revisions to eligibility requirements that make it easier for clergy at lower compensation levels to become participants in the plan; (ii) revisions that make it easier for part-time and lower-paid clergy to earn a full year of credited service, as opposed to fractional years, for twelve (12) months of work; (iii) revisions that create more flexibility for making personal payments into the plan during breaks in service; (iv) removal of the "consecutive year" requirement for determining the Highest Average Compensation, thereby making it easier for clergy to risk leaving higher-paid service to take lower-paying positions; (v) increase in the life insurance benefit from four (4) times Highest Average Compensation to six (6) times Highest Average Compensation; and (vi) revisions that increase the minimum pensions for many clergy at the lowest compensation levels.

Non-Stipendiary Clergy — The CPF Board has determined that CPF cannot offer benefits to clergy who are not paid by the Church. While recognizing emerging trends in deployment and compensation around the Church, the Board has affirmed the original purpose of the Clergy Pension Plan, which is income replacement. CPF is required by Canon to base assessments "upon salaries and other compensation paid to Clergy." Recent revisions to the Clergy Pension Plan make it easier for an employer to establish a cleric's eligibility for benefits. Assessments paid into the Clergy Pension Plan also underwrite all other benefits and programs (e.g., Education and Wellness programs) offered by CPF. An employer who wishes to offer a cleric benefits or access to CPG programs can accomplish this by meeting the minimum requirements for eligibility under the revised rules. CPF has already begun to educate and encourage employers and clergy to understand and leverage the revised Clergy Pension Plan rules to give clergy access to pension and ancillary benefits whenever they feel it is appropriate. Also, a recent study shows that thirty-two (32) percent of the clergy who are currently non-stipendiary were compensated at some point in their Church careers and have vested benefits under the Clergy Pension Plan.

Interrupted Continuity of Service — A number of revisions to the Clergy Pension Plan are intended to benefit clergy with interrupted continuity of service. Examples include the following: (i) revisions that make it easier for part-time and lower-paid clergy to earn a full year of credited service, as opposed to fractional years, for twelve (12) months of work; (ii) revisions that create more flexibility for making personal payments into the plan during breaks in service; (iii) revisions that remove the "consecutive year" requirement for determining the Highest Average Compensation, thereby making it easier for clergy to risk leaving higher-paid service to take lower-paying positions; and (iv) revisions allowing clerics to achieve a full target benefit after twenty-five (25) years of credited service (a change from thirty (30)), whether the cleric is active or inactive at retirement.

Interim Ministries — A number of revisions to the Clergy Pension Plan are intended to benefit clergy serving in interim ministries. Examples include the following: (i) revisions that make it easier for part-time and lower-paid clergy to earn a full year of credited service, as opposed to fractional years, for twelve (12) months of work; (ii) revisions that create more flexibility for making personal payments into the plan during breaks in service; and (iii) revisions that remove the "consecutive year" requirement for determining the Highest Average Compensation, thereby making it easier for clergy to risk leaving higher-paid service to take lower-paying positions; and (iv) provisions for any cleric to retire and collect a pension provided the cleric does not work for the same Church employer from which he or she retired and the cleric doesn't earn more than a specified amount, currently $37,400.

Second-Career Clergy — Revisions that particularly benefit second-career clergy include: (i) more liberal vesting requirements so that older clergy with less than five (5) years of service can still receive benefits by the time they are of retirement age; (ii) a lump-sum payment provision for those clergy who would otherwise receive very small pensions; and (iii) relaxed requirements for clergy to perform compensated service in retirement above the compensation threshold or for the same employer for up to two (2) years, thereby allowing second-career clergy to enhance their retirement income notwithstanding shorter tenure in the Church.

CPG has had positive reactions from most individuals who have accepted its invitation to give input with respect to these changes. For a more detailed overview of this work, including a description of all of the revisions, please visit CPG's website at www.cpg.org/CPPR.

II. Study Costs of Pension Benefits in Foreign Dioceses (Resolution 2015-A181)

Resolution 2015-A181 instructed the Church Pension Group to conduct a study of compensation and costs and fees for all employee benefits (e.g., retirement, healthcare, short-term and long-term disability) etc., for clergy and lay employees in the dioceses of Province IX, the Diocese of Haiti, the Episcopal Church in Cuba, and Covenant Partners, to provide to the CPF Trustees information and guidance on alternative programs and strategies, such as employee contribution plans, that will improve clergy and lay pension plans in these areas, to discuss their findings with diocesan leaders, and to report their findings back to the 79th General Convention.

The purpose of this study would be to provide appropriate information and costs about employee benefit coverages to diocesan leaders and to provide the Church information on the current state of employee benefits in those areas. CPG management also expanded the scope of the study to include the Diocese of the Virgin Islands.

Since the last General Convention, CPG has been studying the cost and competitiveness of employee benefit offerings in non-domestic dioceses and discussing its findings with each of the dioceses involved in the study. More specifically, CPG has worked with bishops and lay leaders to collect benefits information and has retained a third-party expert to compare the benefits offered by employers to clergy and lay employees in these non-domestic dioceses and churches with appropriate benchmarks in every country.

Pension benefits are the central feature of clergy benefits packages in the non-domestic dioceses. With the exception of Puerto Rico, pension benefits are not available to lay employees. Furthermore, each local diocese takes responsibility for evaluating and determining the need for the health and welfare benefits packages for clergy and lay employees. This may include benefits for healthcare, wellness, group life insurance, short- and long-term disability, paid time off, and meals. CPG's research included an evaluation of all of these benefits, including an evaluation of the retirement benefits provided by the International Clergy Pension Plan.

Research Findings

CPG's initial findings from this study include:

- Retirement, life, and disability benefits provided through the International Clergy Pension Plan exceeded the benefits available to similar professionals in the local markets.
- The International Clergy Pension Plan is a primary feature of the clergy benefits package in most non-domestic dioceses. The current formula provides one hundred (100) percent income replacement for full-career (twenty-five (25) years of credited service) clerics with a Highest Average Compensation of $10,000 or less and also provides death and disability benefits.
- Private employer-provided pension plans are not common. As a result, retirement benefits for non-domestic clergy are significantly above market.
- Compensation for international clergy is low compared to local markets where similar types of responsibilities are involved.
- Pension benefit amount is somewhat dampened by lower compensation.

- Compensation data for lay employees is generally unavailable.
- Some dioceses provide additional group life insurance coverage, including coverage for lay employees.
- Retirement benefits are not typically offered to the lay employees of the Episcopal Church.
- Healthcare benefits determined and provided by the local diocesan leadership are below market in most countries.
- Clergy and lay employees' differing levels of health and welfare benefits coverage vary by diocese, specifically with regard to eligibility criteria and cost-sharing guidelines.
- Retirement benefits for International Clergy Pension Plan beneficiaries are provided in U.S. dollars. Inflation impact and local currency variability affect purchasing power, with the U.S. dollar exerting a positive impact compared to local currencies over the past five (5) years.
- Inflation negatively impacted nearly all the countries studied.
- Credible inflation data for Venezuela and Cuba was not available.

CPG's study of governmental social security benefits in these dioceses brought additional insights:

- All of the countries studied offer social security benefits.
- Governmental social security programs are less generous than the U.S. Social Security program.
- Half the countries surveyed have no regular process for indexing social security benefits.
- Church employer participation is lacking or inconsistent because clergy and lay worker participation is not always mandatory.
- Clerics who opted to participate in social security benefits voluntarily found the enrollment process difficult and hard to do on their own.
- Limited participation in governmental social security programs may increase the need for a robust private employer pension plan that provides adequate levels of income replacement in retirement for clergy and lay workers.

Alternative Strategies and Topics for Future Discussion

CPF's final report to General Convention provides cost and fee data and when complete will be available at www.cpg.org/GC2018. Strategic considerations relating to the benefit gaps identified by Resolution A181 research, including the possible need for further research regarding local social security participation, the establishment of additional retirement savings programs to address the needs of lay workers, and the development of enhanced health and welfare benefit programs through aggregate purchasing tactics, will also be available once complete at www.cpg.org/GC2018. CPG plans to review its Resolution A181 research and findings with the bishop for each non-domestic diocese before the 79th General Convention.

III. Divest From Private Corporations in the Prison Business (Resolution 2015-D067)

Resolution 2015-D067 directed the Episcopal Church to continue a no-buy policy with respect to corporations that own or operate for-profit prisons and encouraged CPF to institute a similar no-buy policy.

CPF does not own direct investments in for-profit prisons. However, to the extent possible, it is committed to leveraging its shares in other companies to address human rights violations wherever they occur, which may include public and for-profit prison systems.

IV. Strengthen the Relationship with the Episcopal Church of Cuba (Resolution 2015-B003)

Resolution 2015-B003 established a team, which included CPF, to continue strengthening the relationship between the Episcopal Church and La Iglesia Episcopal De Cuba with the goal of fostering better understanding and fellowship.

The resolution directed the establishment of a team to facilitate collaboration and, accordingly, the Task Force on the Episcopal Church in Cuba was created. CPG served a supporting role on the Task Force. Specifically, CPF worked with its own actuaries to calculate and describe the financial impact of allowing active Cuban clergy to participate in the International Clergy Pension Plan. CPG's chief operating officer attended two (2) meetings of this Task Force and explained the responsibilities of CPG as plan sponsor and plan administrator.

V. Instruct CPG to Study Disability Plan for Lay Employees (Resolution 2015-B016)

Resolution 2015-B016 instructed CPF to study the feasibility of a mandatory, short-term disability (STD) plan for all lay employees of the Episcopal Church and to report its findings to the Executive Council.

Identifying Patterns and Attitudes Toward Short-Term Disability Coverage

In 2016, CPG analyzed its own data on short-term disability and conducted a survey to identify gaps in coverage. CPG's analysis revealed that approximately fifty (50) percent of congregations with benefit-eligible employees offer some form of short-term disability coverage. Of the congregations that do not offer coverage, sixty-five (65) percent cited cost as a blocker, 27.5% confessed that they had not thought about it, and 7.5% simply did not see the need.

Survey respondents were asked to indicate a price level at which short-term disability coverage would be attractive. Thirty (30) percent indicated that coverage would be too expensive at any price, thirty-five (35) percent said they would be willing to pay a premium of $15–$35 per employee per month, and thirty-five (35) percent would be willing to pay a premium of only $5–$15 per employee per month.

Estimating the Cost to Provide Coverage to Those Who Do Not Have It

CPF estimated the cost of providing standard short-term disability coverage to lay employees to be approximately $15 per employee per month.

These results and others were presented to the Executive Council in October 2016. A copy of the full report is available at www.cpg.org/GC2018.

While CPG identified gaps in short-term disability coverage and in general product awareness among those surveyed, it did not find significant support for mandating short-term disability coverage for lay employees.

In fact, concerns about cost suggest that a mandate might not be well received by many, at least absent further education and knowledge.

VI. Extend Pension Benefits to Same-Gender Couples (Resolution 2015-D047)

The CPF Board was directed to continue to review and revise the pension plan rules so that participants in the plan with same-gender spouses and their spouses are treated the same as participants with opposite-gender spouses in all respects, to avoid discriminating against same-gender couples, who in the past were not able to marry under civil law. The revisions also include the addition of a transition period to provide equal benefits to married couples, including special provisions for surviving partners of deceased participants in the plan.

CPF revised its Clergy Pension Plan and Lay DB Plan rules to achieve equality for same-gender spouses in 2011, long before this resolution. At that time, CPG offered a transition period that allowed same-gender married couples to qualify for benefits under relaxed rules. Subsequently, CPG extended the transition period a second and a third time, with the final transition period ending on December 31, 2017. For more information, please visit www.cpg.org/active-clergy/retirement/pensions/benefits/survivors-benefits/.

VII. Authorize for Trial Use Marriage and Blessing Rites Contained in "Liturgical Resources I" (Resolution 2015-A054)

Church Publishing Incorporated has published the revised edition of *I Will Bless You and You Will Be a Blessing* in direct response to Resolution 2015-A054. See Resolution 2015-A054 in the Episcopal Archives for details and context.

VIII. Establish Church-Wide Parental Leave Policy and Practices (Resolution 2015-D030)

Resolution 2015-D030 strongly urged all dioceses, congregations, and other church-related offices and agencies/contexts to establish and make available parental leave policies for birth and adoptive parents, both clergy and lay, in their employ. The 78th General Convention further directed CPG to increase publicity and knowledge about the provisions provided through short-term disability, and directed the Executive Council in consultation with CPG to prepare a church-wide model policy on parental leave for both birth and adoptive parents for consideration by the 79th General Convention.

CPG stands ready to assist the Executive Council with this work when requested to do so.

Church Pension Fund [CPF] and Socially Responsible Investing (SRI)

Socially Responsible Investing [SRI] was a major topic of discussion at the 78th General Convention, and it continues to be an important topic around the Church. For this reason, CPF decided to summarize its efforts in the Blue Book. Additional information can be found on its website at www.cpg.org/SRI.

CPF has been committed to SRI for decades. In that time, it has leveraged the following high-impact strategies to significant effect:

- Investing for Positive Impact: proactively seeking out and investing with managers who deliver both strong returns and positive social outcomes;

- Shareholder Engagement: using CPF's position as an institutional investor to influence the behavior of companies in its investment portfolio; and
- Thought Leadership: sharing CPF's experience and its industry relationships to create awareness of modern, effective strategies for using capital to achieve positive social impact.

Each of these strategies is summarized below.

I. Investing for Positive Impact

As a fiduciary, CPF's SRI strategy remains focused on working with external investment managers who possess expertise in identifying investment opportunities that offer fully competitive risk-adjusted returns while providing a positive social impact. Importantly, the primary objective of its Socially Responsible Investing [SRI] approach is to earn returns that are sufficient to ensure that benefits promised to current and future beneficiaries are available when needed. Three (3) areas where CPF actively invests include environmentally responsible, economically targeted and women- and minority-owned firms.

Environmentally Responsible

The sustainability of the environment is important to CPF. For that reason, it continues to seek managers who possess expertise in environmentally responsible investments. CPF has investments in a number of funds that support and promote sustainable forestry, clean technology and green buildings.

Sustainable Forestry

CPF has invested in several sustainable forestry-related initiatives, including investments in sustainable forest funds managed by The Forestland Group, which promotes and employs sustainable forestry practices and has captured and stored four hundred and eighteen thousand (418,000) tons of carbon dioxide.

Clean Technology

CPF has made investments in more than one hundred (100) clean technology projects. These investments generate or promote the use of solar energy, wind, hydro, geothermal, and biomass fuels or provide solutions for photovoltaic cells and refrigerants. CPF has also funded cutting-edge technologies and has investments with companies that manufacture electric vehicles and produce lithium batteries.

CPF served as an anchor investor in the Developing World Market's Off-Grid, Renewable and Climate Action Impact Note (ORCA Note). The ORCA Note provides renewable energy finance loans to socially responsible businesses in Ecuador, Guatemala, India, Kazakhstan, Kenya, Mongolia, Nicaragua, Rwanda and Tanzania and is composed of eleven (11) underlying loans made to inclusive financial institutions and operating companies.

Green Buildings

CPF supports sustainable construction principles and has made real estate investments in more than sixty-five (65) LEED (Leadership in Energy and Environmental Design) certified buildings and more than ten (10) BREEAM (Building Research Establishment Environmental Assessment Method) certified buildings. In addition, CPG's headquarters is a Gold-certified LEED space in recognition of the implementation of environmentally sustainable practices in the construction and operation of its New York City office.

Economically Targeted

CPF's economically targeted investments have traditionally focused on microfinance-related initiatives, affordable housing, sustainable farming and urban redevelopment.

Microfinance

CPF served as an anchor investor through its investment in the Essential Capital Consortium, a social enterprise fund managed by Deutsche Bank's Global Social Finance Group. This investment will finance approximately twenty (20) enterprises that are focused on providing debt financing to companies in the energy, health, and microfinance sectors in developing countries.

Affordable Housing

CPF's investments have enabled the construction or preservation of nearly fifty-four thousand (54,000) affordable housing units throughout the United States. The demand for affordable housing units is expected to increase in the coming years, as the Urban Institute has reported that for every one hundred (100) extremely low-income renter households in the United States only twenty-nine (29) affordable and available rental units are available.

Sustainable Farming

CPF's investment in Silverlands, a private equity fund managed by SilverStreet Capital, supports indigenous farmers in sub-Saharan Africa. Silverlands' efforts have been instrumental in improving the lives of thousands of people in the region.

Urban Redevelopment

CPF has funded more than three hundred and twenty (320) urban redevelopment projects in cities around the world. These projects have had a positive impact on local communities in reducing crime, improving housing stock, and increasing economic vibrancy. These included retrofitting buildings and constructing new housing.

Women and Minority Owned Firms

CPF continually seeks managers who provide access to investments that offer competitive risk-adjusted returns. Over the years, CPF has been fortunate to work with a number of woman- and minority-owned fund managers. CPF currently has investments in twenty-five (25) funds that are women or minority owned.

II. Shareholder Engagement

Productive Dialogues

CPF uses its position as a large institutional shareholder to engage companies on social and environmental issues that have long-term investment implications. It looks to promote productive dialogue and, if necessary, file shareholder resolutions to encourage these companies to conduct their business in a manner that addresses important social and environmental concerns of the Episcopal Church.

For decades CPF has collaborated with the Committee on Corporate Social Responsibility [CCSR] of the Executive Council of the Episcopal Church and the Domestic and Foreign Missionary Society of the Protestant Episcopal Church (the "DFMS") — as well as with other faith-based organizations and investors — to discuss its shared concerns and develop strategies for addressing those concerns. CPF is also a member of various investor groups, including the Interfaith Center on Corporate Responsibility and the CERES Investor Network; and coordinates its shareholder engagement efforts with other investors having similar interests.

CPF has focused its attention, in particular, on encouraging companies in its investment portfolio to address issues related to the environment, human rights violations, and corporate board diversity. Shareholder engagement efforts often require years of dialogue, but CPF believes it has made great progress with companies in addressing its concerns.

CPF is very proud of its shareholder engagement efforts, which support its commitment to corporate social responsibility and the values of the Episcopal Church while allowing CPF to pursue its own vision of providing the highest possible level of financial security in retirement for the clergy and lay employees of the Church.

Voting Proxies

Every publicly traded company conducts an annual meeting during which its shareholders cast votes on a variety of issues, ranging from the election of corporate directors and approval of auditors to various issues proposed by shareholders. Shareholders generally vote on these issues in advance of the annual meeting by submitting a completed proxy to the company.

CPF works with CCSR and the DFMS to decide how to vote proxies for the shares it holds. As a result of this joint effort, CCSR established a set of proxy voting guidelines for the Episcopal Church several years ago, and these guidelines were approved by the Executive Council. To view these guidelines, please refer to the following url: http://www.episcopalchurch.org/page/socially-responsible-investing.

CPF follows the proxy voting guidelines of the Episcopal Church when voting proxies for the investments in its portfolio to the extent consistent with its fiduciary responsibilities. In this way, it supports important social, ethical, and environmental concerns of the Episcopal Church while striving to achieve the highest possible level of financial security in retirement for clergy and lay employees of the Church.

III. Thought Leadership

CPF has operated in the Socially Responsible Investing [SRI] space for several decades and has garnered a reputation for being an experienced and respected impact investor. CPF uses its thought leadership to convene people and connect investors with SRI fund managers and opportunities.

As part of CPF's ongoing commitment to increase the awareness of SRI and foster relationships among those interested in the topic, it periodically hosts roundtable discussions to share ideas and discuss the opportunities and challenges of social investing. CPF's New York City roundtable with Equilibrium Capital, a global asset manager focused on sustainability-driven real asset strategies, funds and products; brought together individuals from various investment firms, pension funds, faith-based organizations, consulting agencies, research institutes and family foundations to share ideas and discuss the opportunities and challenges that SRI presents.

In London, CPF co-hosted a roundtable discussion with Bridges Fund Management, a specialist fund manager dedicated to using an impact-driven investment approach to create superior returns for both investors and society at large. The event brought together individuals from a number of investment firms and pension funds as well as representatives from Trinity Wall Street and the Church Commissioners for England. The group shared ideas on SRI opportunities around the globe and the growing interest among institutional investors in SRI.

CPF executives regularly attend and speak at SRI conferences around the world. These conferences are designed to elevate the industry's shared understanding and approach to SRI. Attendees often include other institutional investors, government officials and non-profits focused on advocacy. In addition to building relationships with leading SRI-management firms, these events offer CPF the opportunity to share its perspectives on SRI-related issues and provide a forum to identify positive impact investment opportunities.

As part of its centennial celebration, CPG is hosting a series of conversations around the Church called Insights & Ideas: Centennial Conversations. Each event includes a robust discussion on the topic of positive impact investing. To facilitate discussion, CPG has recruited third-party experts in this space, senior members of its own investment team and members of the CPF Board to share information, insights, and ideas on the topic of positive impact investing. The goal of these events is to give institutions of varying sizes inspiration and actionable ideas about how to use capital to have a positive social impact while realizing competitive returns. Each event has been videotaped and a compilation video will be available on CPG's website this spring.

CPF remains committed to sharing its views on the topic of SRI more broadly and has developed a series of Executive Q&A and investment case study videos, which can be viewed at www.cpg.org/SRIvideos.

CONCLUSION

The past triennium has been a productive time at CPG. CPG has undertaken a comprehensive review of the Clergy Pension Plan, a study of benefits offered in the non-domestic dioceses, a study of disability benefits, and a study of clergy deployment trends. CPG did all of this while constantly monitoring the financial strength of the organization, continuing its essential investment activities, including socially responsible investing, and delivering a high standard of care to the individuals and institutions that depend on it for help.

One hundred (100) years into its service, CPG remains committed to providing its clients with the highest possible level of financial security in retirement that is consistent with exemplary financial stewardship on our part and with the evolving needs of the Church. This Blue Book Report describes some of CPG's work in this regard, but additional useful information can be found on CPG's website, at www.cpg.org, including CPG's report to the State of the Church Subcommittee on the Church Pension Group.